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AN APPRECIATION OF GEORGE BURNHAM, JR.

BY CLINTON ROGERS WOODRUFF

GEORGE BURNHAM, JR., was treasurer of the National Municipal League from December 22, 1894, until the spring of 1919 and from then until his lamented death, November 22, 1924, he was a member of its Council and a vice-president.

At the time of his retirement the Council adopted the following resolution expressive of its appreciation of his singularly helpful services:

Elected treasurer of the National Municipal League on December 22, 1894, to succeed R. Fulton Cutting, Esq., Mr. George Burnham, Jr., has been the faithful and efficient treasurer of the National Municipal League for a period of very nearly twenty-five years. During all of that time he has not only handled the funds of the organization with care and fidelity and been its most generous contributor, but he has been a factor in the development of the League's point of view concerning municipal affairs in America. Quiet and unostentatious in the expression of his views, he has been a progressive and ameliorating influence in the discussions of the Executive Committee, the Council and the general meetings of the League. It is with regret that we record his resignation and it is with pleasure that we place on record our appreciation of his services to the cause of higher municipal standards in America. He retires at a time when the National Municipal League is firmly established in the confidence and respect of the American public in which work he has taken a signal part. The Council indulges the hope that it may long have the benefit of his advice and suggestions and helpful influence.

Mere resolutions and words however fail to tell the whole story of his services and generosity. A wise counselor, a constant, unflagging supporter, financially and otherwise, he helped in founding the National Municipal League on a firm and, I believe, an enduring basis. This organization was only one of a number of organizations devoted to creating higher standards of public service and a better social order. In the words of the *Philadelphia Ledger*, "He stood consistently for everything that was honorable and upright and lawabiding in municipal government. He devoted time and strength and liberally gave of his own means in the furtherance of causes in which he believed, not asking if they were popular or likely to be victorious. There was in the man a fine spirit of chivalry and loyalty that endeared him to all who strove beside him for better things. . . . Important factor that he was in business life, it is as civic patriot that Philadelphia will gratefully remember him; and his city will commend him to posterity as a shining pattern of high-minded citizenship."

It is difficult, if not impossible, to speak of the personal loss sustained in his death by those who were privileged to be numbered among his friends. He was essentially of a kind disposition. Loyal, unflinching in his friendship, he was dependable and faithful. In his friendship as in his public work, he was a man of unusual fineness.

My own relations, covering a period of near 35 years, beginning in the days of the old Philadelphia Municipal League out of which the National Municipal League grew, were so close, so helpful, so affectionate, that I cannot write without appearing to be effusive. Sometime I hope that a fitting permanent record of his services and friendships may be prepared as a guide and an inspiration to the coming generations. America needs men like him if she is to reach and hold the ideals coveted for her.

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A WORLD BUREAU OF MUNICIPAL RESEARCH

BEING CONSIDERED BY THE LEAGUE OF NATIONS

BY CHARLES A. BEARD

IF democracy is to reach its maximum efficiency and the forces of intelligence and humanity are to triumph over the drift of things, it is clear that all administrative officials and all those who work on the firing line of the advancing army should have at their command the results of the world's experience in their respective spheres and salients. To vary the figure, the white light of science, fed from all channels of research and experiment, should burn continuously before the door of each one who stands and serves. It makes no difference whether it is a mayor confronted by baffling problems of finance, the bacteriologist of a water department poring over his test tube, or the matron of a home for wayward girls wrestling with the perplexities of psychiatry. The ideal would be reached if all the accumulated wisdom of the world could be focussed to meet the instant need of things.

Mankind is groping in the direction of that ideal—slowly and in a blundering fashion—and those who watch the Alpine glacier through a term of years can make note of change. Mayors are organized to exchange ideas; so are

controllers, city managers, engineers, civil servants, nurses, teachers, and all the other professions, crafts, and occupations. Social workers hold conferences, maintain a journal, and pool their experiences in central agencies. Leagues of municipalities are to be found in many states. Examples might be multiplied indefinitely, but that would be a work of supererogation. The League of Nations is a grand culmination of the organizing process and its achievements in the sphere of science and intellectual intercourse make an impressive total.

When the Fifth Assembly of the League met at Geneva last September, one of the interesting propositions laid before it was a scheme for inter-municipal co-operation among the nations affiliated with that world association. The project was brought up for consideration by His Excellency, Mr. G. Patterson, representing Cuba, on the authority of his government. The idea, according to Mr. Patterson, originated at the fifth Pan-American conference in Chile in 1923. Eighteen nations represented there unanimously recommended to the Pan-American Union the principle of closer municipal

relations among the members, and the government of Cuba was so impressed with the suggestion that it carried the proposal across the sea for world consideration.

In presenting the scheme to the fifth committee of the Assembly of the League of Nations, Mr. Patterson explained that the plan of the municipality of Havana had two objects: one to strengthen relations between the cities of each nation and the other to promote intercourse among the municipalities of the world. He emphasized the importance of city government in modern civilization. He pointed out how cities now carry on inquiries both at home and abroad and send agents to congresses within and without national boundaries. He explained how cities could exchange information on a larger scale and "so create a valuable form of co-operation in a social-administrative sphere which is of utmost importance, for the central governments and for the municipalities themselves." This, he thought, "would raise the general level of administrative efficiency and prove a powerful help to mutual understanding."

He then went on to add, in the language of good sense, "With the increasing prominence of the municipality in national life, fresh light is continually being shed on the problems of city administration. The latter is a science which should not be founded purely on experience. The problem should be studied in the true scientific spirit—objectively and on the spot. The science of city administration is not an abstract speculative science; it is a practical science with practical rules. Its students should pursue their investigations in the laboratory; and here the laboratory is the municipality itself. But such a study cannot, in the absence of close municipal relations, yield satisfactory results."

Mr. Patterson's cogent argument was supported by delegates from Italy, France, the Irish Free State, Greece, the Netherlands, Rumania, and several other powers. No serious opposition appeared, but on the motion of the French delegate an amendment was added calling for some practical steps toward the realization of the idea. The resolution as finally adopted by the grand Assembly of the League of Nations at its session on September 20, 1924, runs as follows:

Whereas the maintenance of direct relations between the important municipalities of the various countries within the strict limits of national sovereignty is a new form of co-operation between peoples which will contribute largely to diffusing the ideals which led to the creation of the League of Nations and which guide its work:

The Assembly decides to accept with the greatest sympathy the principle of closer municipal relations which the Santiago Conference recommended to the members of the Pan-American Union for adoption;

And requests the Secretariat to draw up in preparation for the Sixth Assembly a report on inter-municipal co-operation, on the existing facilities which might be utilised to that end, and on the part which the League of Nations might play in this matter, having regard to the means which might be available and to any facilities provided by other organizations.

On the basis of this authority the Secretariat is preparing the project for the next Assembly. This may well be the beginning of a world bureau of municipal research and service. If it is not *lèse majesté*, it seems fitting to suggest that the National Municipal League and the National Research Conference should make a note of this proceeding and co-operate with those who are fighting the battle of municipal science at Geneva. Is it not possible to do something more than make a friendly gesture? Let those who can take thought about it.

HOW THE THEORY OF THE BOSTON CHARTER FALLS SHORT¹

BY RICHARD S. CHILDS

Vice President, National Municipal League

The Boston charter was a bold pioneer and has been widely copied, but something more is needed to make it 100% satisfactory :: ::

THE working of the Boston charter presents a problem of political science of much importance, for it was the pioneer of its type, and during the fourteen years since its adoption it has been copied by Pittsburg, Toledo, Detroit, Cleveland and Los Angeles—in other words, it became the prevailing type of charter for cities of over 500,000 population in the United States.

It centralized great power, including all the appointive power, in an elective mayor while the council became a small body of rather negative powers. The council consisted of nine members elected at large, three at a time for overlapping terms. There was also an elective school committee of five members elected for overlapping terms. Thus, after the first election, the ballot could carry not more than six offices—mayor, three councilmen, two school committee men. The ballot was non-partisan and the petition requirements of 5,000 signatures (no signer being allowed to sign for more than one candidate) were such that not many candidates could fill a petition without exhausting the accessible supply, thus keeping the contest to a small field. There was also a finance commission appointive by the Republican state government with inquisitorial powers into the doings of those Boston Democrats.

DIFFICULTIES DUE TO DEVELOP

Keeping myself to the field of pure theory, I am going to point out wherein that charter falls short of our Model Charter and the difficulties which are theoretically due to develop in it sooner or later. I am going to say just what I did say ten years ago.

In providing a ballot of only five or six offices at each election, the charter commission was hopefully recognizing the then-new Short Ballot idea, and said so. It hoped, and we all hoped, that the limelight of public scrutiny fiercely concentrated on the selection of a few officials would result in an elimination of the unfit and a reduction in the power of the politician whose power so largely rests on obscurity and complexity.

The commission however did not get its Short Ballot doctrine entirely straight. It met the point that only a few offices should be elective but overlooked the point that such offices as remain elective should all be important, important enough to attract the protective public scrutiny. In the case of the powerful mayor there was plenty of concentrated scrutiny to protect the situation against the one danger that we can provide against in designing governments—the danger that the voters may elect someone whom they have hardly looked at and may not really want. But the negative, overshadowed council drew so

¹ Excerpts from address delivered at thirtieth annual meeting of the National Municipal League at Boston, November 12.

little attention that when at the second election I began reading Boston newspapers to watch the campaign, I could hardly see that any campaign was going on. One newspaper used the words "We call the attention of the voters to the municipal election next Tuesday." The vote was light and I understand the experience in off years has been the same ever since. It is not fair to say the voters were indifferent; the political scientist says, "the offices aside from the mayor failed to attract public scrutiny."

It was the same in a year when a mayor was being elected; the vote for councilmen was an uninformed vote despite the larger turn-out of voters attracted by the mayoralty contest. Despite the non-partisan ballot the *ipse dixit* of the Democratic city committee was the big news of the campaign. The informal and unofficial say-so of that committee—it made no formal utterances—was enough to pluck a candidate from obscurity and make him one of the only two who had a chance. His opponent was the one that the Good Government Association decided to sponsor. The rest of the candidates who had nominated or started to nominate themselves then dropped out of the running. As always, the obscure office became practically appointive by the active political insiders. The charter failed to make the council sufficiently important to induce the people to do the choosing.

ELECTION AT LARGE IN BIG CITY

In another respect the Boston charter violated a basic rule of correct design; it provided an unwieldy electoral district. The city at large elects all the officers. Now the city of Boston as an electoral unit is too big to do business with candidates directly, unhelped by an intermediate machinery, whether it be a party machine or a costly improvised machine. A candi-

date for either the conspicuous office of mayor or the inconspicuous offices of councilman or school committee cannot canvass all Boston by simple self-advertising, unaided by a powerful, costly, far-ramifying organization. Or if it be attempted, the drama and circus-tactics to catch the metropolitan ear must be so violent and explosive, so primitive and vulgar, that the only candidate who will descend to it is the blatherskite demagogue. Very different may be the situation in a small district where a candidate without machine support may with dignity and small expense make his candidacy known to his neighbors and get elected on a non-partisan ballot without ever having gone hat in hand to a political machine for endorsement, provided however that the office be important. It is the smallness of the job, not the smallness of the ward, which has brought ward elections into discredit.

To be concrete about it, election at large in a city as big as Boston is impracticable, if you want the voters and not the political machine to hold the power. To give up the election at large of mayor without loss of administrative unity you must substitute the appointive city manager. To give up election at large of council you must increase the powers of councilman and change to ward elections or proportional representation. It is futile to change to ward election or P. R. without making the councilmanic election a matter of lively public interest by increasing the importance of the councilmen. The logical way to increase the importance of the councilmen is to let them as the popular representatives appoint and control the chief executive and dictate all municipal policy.

Boston must sooner or later do as Cleveland did, abandon this type of charter and move on to the city manager plan, preferably with proportional representation.

MORE ABOUT PUBLIC UTILITY DEPRECIATION

BY JOHN BAUER

Public Utility Consultant, New York City

A reply to Mr. Maltbie's rejoinder published last month.

:: ::

IN the December number of the REVIEW, Mr. W. H. Maltbie published a rejoinder to my article in the August number on "The Drive by Public Service Corporations Against Depreciation Provisions."

In my article I devoted myself to an analysis and discussion of whether fundamentally depreciation *as such* should be charged to operating expenses by public utility companies or the cost of replacements as units of property are retired. Incidentally and very briefly, I considered also the relation of depreciation charges to valuation for rate making purposes. I supported the depreciation policy as against the renewal point of view, which is extensively, if not mostly, urged by the companies. The issue was plain, and everything else was clearly secondary. Mr. Maltbie, however, scarcely touched the real issue; he directed his entire punch, in four-fifths of his article, to manifest incidentals or immaterialities. These I shall treat briefly, and shall try to dispose of them without acrimony. I shall take up the four chief points.

1. WAS THERE A COUNTRY-WIDE DRIVE?

Mr. Maltbie exaggerated my statement of "a country-wide drive" into a *charge* that all utilities and railroads had taken the position that I ascribed to the companies. Then he shows that the Bell Telephone Companies follow

the depreciation system which I supported, and that the railroads opposed only the extension of the depreciation policy from equipment to include also road and track items. Thus he claims that I misstated the facts, and that my *charge* collapses. He magnifies also my words "to exterminate the entire concept" of depreciation; he disproves this "charge" by showing that the street railways used the term depreciation in a brief supporting the position which I ascribed to the companies, and by showing that the gas and electric companies would provide a reserve which apparently Mr. Maltbie would bring under the concept of depreciation, but which is a replacement and not a depreciation reserve within the conceptions of my original article.

Well, of course, I did not mean to include *all* companies in the "drive." Possibly I should not have used the term. "Concerted action," "joint effort," "collective undertaking" or some such expression without a connotation of conspiracy would perhaps have been more appropriate. But all I meant was the sort of common action which Mr. Maltbie himself cited in the case of the railroads, electric railroads, and the gas and electric companies. There has been, so Mr. Maltbie tells us, co-operative activity; whether this action was deliberate or wholly accidental, I meant to refer to it very briefly as being the occasion of my discussion. That is absolutely all

there was to my use of "drive," and a dispassionate reading will show that this is true.

2. HAS THERE BEEN DECEPTION?

Likewise Mr. Maltbie by several stages of amplification enlarges my doubt as to the sincerity of most of the companies into a "charge" of deliberate deception. Perhaps I should have toned down my extremely mild surmise or, better still, have omitted it altogether. I therefore state now that I really meant to impute nothing dishonest or morally reprehensible, especially nothing illegal or criminal. I do not wish to impute ulterior motives to anyone. I do know that many high-grade engineers and lawyers, also a few accountants and economists, really seem to believe in the theory which, Mr. Maltbie admits, is supported by the companies. I have no interest in recriminations; they are extremely distasteful to me, and I always desire to consider only the merits of any question. If my particular phraseology warranted Mr. Maltbie's interpretation, I regret it.

3. WHAT IS THE POLICY OF LARGE INDUSTRIAL CORPORATIONS?

Mr. Maltbie whacks particularly my assertion that "the majority of large industrial concerns" have adopted the depreciation system. This statement, however, is transformed by Mr. Maltbie into "the practice of ordinary industrial corporations," and is discussed by him accordingly. I submit that "large" and "ordinary" are not synonymous or even similar terms, and thus Mr. Maltbie once more pulls out of shape what I said and clearly meant to infer. I know very well that the majority of "ordinary" industrial corporations have not adopted the depreciation policy, but that most of the "large" ones have. My conception of

large was plainly indicated by my use of the United States Steel Corporation as an illustration.

Mr. Maltbie takes the industrial corporations on the first hundred pages of Moody's 1923 Manual, and tries to disprove my assertion by reference to the companies there presented. But these are "ordinary" and not "large" corporations. Moreover, the facts given in many, if not most cases, do not show what policy was followed. But at that Mr. Maltbie finds more instances in favor of depreciation than I would have expected from the survey.

Mr. Maltbie discusses also my presentation of the United States Steel illustration and charges me with misuse of the facts. The points are technical and I cannot possibly treat them intelligibly within the limits of space. Consequently all I can do now is to assert that my use of the figures was careful and correct. Anyone interested can readily check up whether I was right, and whether Mr. Maltbie was justified in his attack on my use of the figures.

4. IS ACTUAL COST OF THE PROPERTIES SUPPORTED BY THE COMMISSIONS?

I made a casual statement that "the commissions have mostly held" to actual cost instead of reproduction cost as the proper basis of primary valuation. Mr. Maltbie particularly brands me as unreliable in this statement. As in the other matters, he distorts out of all proportion what I said, and presents specious research to the contrary. I realize, of course, that the basis of valuation is in the greatest confusion, and have published several articles in the REVIEW and elsewhere on various aspects of the chaos. For the present I shall prove my statement by referring to Judge Brandeis' analysis in his minority opinion in the Southwestern Bell Case:

The Public Utility Reports for 1920, 1921, 1922 and 1923 (to March 1) contain 363 cases in which the rate base or value was passed upon. Reproduction cost at unit prices prevailing at the date of valuation appears to have been the predominant element in fixing the rate base in only 5. In 63 the commission severely criticised, or expressly repudiated, this measure of value. In nearly all of the 363 cases, except 5, the commission either refused to pay heed to this factor as the measure of value, or indeed as evidence of any great weight. (*S. W. Tel. Co. vs. Pub. Service Comm.*, 262 U. S. 276, 301 ff.)

Justice Brandeis then gives a detailed analysis of the cases and shows that in at least 214 of them original cost was practically the sole basis, while in many others the commissions only slightly modified it.¹

¹As to court decisions with respect to this question, a subject which I did not even touch upon in my article, see my paper and discussions

The range of the subject merits further treatment, and I am planning to offer to the REVIEW four articles on the salient factors in valuation and rate making:

- I. Depreciation as Cost of Service;
- II. Depreciation as a Deduction in Valuation;
- III. Depreciation Practice of Large Industrial Corporations;
- IV. Actual Cost vs. Reproduction Cost in Relation to Fair Value.

In these articles I shall confine myself strictly to the facts and issues of each subject. These are questions of broad economic policy, of very great public importance, and I shall discuss them from that standpoint.

of it in the 1924 June and December numbers of the *American Economic Review*.

AMERICAN INFLUENCE ON MUNICIPAL GOVERNMENT IN THE ORIENT

BY CHARLES A. BEARD

New York City

On two occasions, Dr. Beard has been called to Japan to advise with the Japanese authorities on municipal government. :: :: ::

YOUR secretary's request for a paper dealing with American influence on municipal development in the Orient is in reality an invitation to make an excursion into the realm of prophecy rather than an opportunity to present an encyclopaedic record of achievement. Nevertheless such an essay may not be altogether without profit. We have sent missionaries to the Far East to convert the people to Christianity, business men to sell them goods, political consultants to advise

them on the mysteries of constitutional government, and engineers to help them construct railways, factories, and battleships. It appears inevitable that, as Oriental cities take on more and more the outward signs of our material civilization, they will turn with ever increasing interest to American experience, especially as our great exploits in municipal administration have been in the sphere of organization, science, and mechanics.

Already signs of change are at hand.

The cities of China, excluding the treaty ports, with few exceptions seem satisfied to move on in their ancient ways, content with wheelbarrows and rickshaws for transportation and with the narrow streets and crude sanitary arrangements which were universal in western civilization until very recent times. However, Canton in spite of all the vicissitudes of local politics has made remarkable strides in cutting open slum areas, widening streets, and providing park space. Amoy and Swatow show signs of a new spirit. In these cities the Chinese themselves are fighting their own battles for better municipal life. And it is a strange commentary on the ethics of the Occident that in the port towns such as Tientsin and Shanghai, and in the capital, Peking, the foreigners, who have made such comfortable quarters for themselves, have had relatively little influence on the native sections within a stone's throw of their broad avenues, their modern offices and residences, their ease and luxury of life. Within fifteen minutes of the American consulate in Shanghai there are conditions of life and labor, starvation and misery that make White-chapel of Arnold Toynbee's day seem like a corner of paradise by comparison. Either the foreigner has been indifferent to his obligations, or the native has been magnificently indifferent to the appeal of western municipal science.

JAPAN MODERNIZING HER CITIES

Japan, far more ingenious and zealous in adopting the devices of our materialist civilization, has been busily engaged for many years in modernizing her cities. One of them, Sapporo in the North, was originally planned by an American, but the others, notably the six premier cities, Tokyo, Kyoto, Nagoya, Kobe, Osaka, and Yokohama,

have been undergoing a renovation at the hands of Japanese engineers. The construction of modern water works was begun in Tokyo in 1892, in Osaka in 1895, and in Kyoto in 1908. The construction of sewers lagged behind while the development of electric lighting and street railways went on rapidly. Although foreign advisers were called in now and then most of the municipal improvements of Japan have been affected under Japanese leaders trained in their own universities, and equipped for their tasks by practical experience gained at home and abroad. Moreover, unlike the cities of China; those of Japan have long enjoyed systematic self government under general municipal law; by a gradual process the suffrage has been extended with a view to putting city administration on a somewhat democratic basis.

The cities of Japan were being slowly modernized when the World War broke in upon their leisurely ways. Then profound changes suddenly occurred. The industries of the Empire went forward in seven league boots. Capital was accumulated from enormous war profits, a large middle class was created, and with the new wealth came a more intense desire for the comforts and conveniences of our civilization. In many other ways that war affected Japan. Relations with Germany were cut off altogether. In the end, the German Empire for which conservative Japanese had the same kind of respect that was cherished in certain quarters of America, came down in an awful crash. The Russian Empire also collapsed. While Japanese business men were employing American engineers and companies to build sky scrapers, erect modern mills, and construct industrial plants, the middle classes imported American phonographs, automobiles, electric appli-

ances, and moving pictures. Within a few short years a most extraordinary transformation took place. Everything American became the rage. Traveller after traveller, mission after mission visited America to see the sights and discover new things to be adopted in Japan. At the same time, the wise old politicians, on looking at the ruins of European kingdoms and empires, began to wonder about the safest kind of institutions with which to weather the storms of a changing world.

VISCOUNT GOTO'S INFLUENCE

Among the men of the older generation who went abroad after the close of the Great War was one especially interested in municipal affairs—Viscount Goto who had seen long service in Formosa, Manchuria, and various high places in the imperial administration. He had been trained in medicine in Germany and knew European cities at first hand, but he was profoundly impressed on his last visit to the United States by the rapid strides we had made in municipal improvements. He was particularly impressed by the work of the New York Bureau of Municipal Research, and on his return to Tokyo he secured a generous endowment for an Institute for Municipal Research in that city. Shortly afterward he was elected mayor and with the aid of the Institute worked out a great program of public improvements. He was convinced that both in efficient administration and in mechanical devices the United States had most to offer Japanese cities. When the earthquake and fire wrought their awful havoc in Tokyo and Yokohama last year, it was to American experience Viscount Goto, then home minister and president of the Board of Reconstruction, turned for help in planning the new cities that were to

rise on the ashes of the old. The Tokyo Institute for Municipal Research built up a fine library of American and European works; it issued in translation many publications of the National Municipal League, and it founded a Municipal Review to accelerate the rising interest in municipal affairs. We may say that the year 1923 closed with the influence of the United States in the ascendancy in Japan, in financial, industrial, and commercial fields. American generosity in aiding those who suffered in the great disaster of September, 1923, evoked a touching gratitude to which all Americans on the spot when help arrived will bear witness. American missionaries were among the most cherished leaders in many spheres of social work in Japan. Japan was preparing to send an ever larger number of students to American universities.

IMMIGRATION LAW CHANGES EVERYTHING

At this juncture the congress of the United States passed the immigration law. It is not appropriate to this occasion to discuss the merits of that law. Although, wisely or not, we had made an agreement with Japan respecting Japanese immigration and although it was known that the Japanese government was prepared to make any reasonable concession to meet the demands of congress, we slammed the door in the face of Japan with angry words that had a ring of defiance in them. It was not what we did but the manner of the doing that produced a deep revulsion of feeling in Japan. Other issues equally perplexing are liable to arise any time; indeed they are already in sight. If the government of the United States is not more happy in managing its Oriental relations in the future than in the recent past, then we

may expect our trade in Japan to lag behind and our moral influence to decline. It may seem strange to the ears of Americans of pacific intentions, but the Japanese have a very real fear of the United States. They know the history of our expansion across the continent, they watched with anxiety the Alaska purchase that carried us within a few days of their outposts, and they entertained a genuine alarm when the conquest of the Philippines planted the Stars and Stripes a few hours away from Formosa. They listen with astonishment to our assertion of moral responsibilities in Siberia and Manchuria, where rich natural resources await the enterprise of modern capitalism. If Japan had annexed Cuba in 1897 and declared the settlement of the Mexican and Caribbean estate a part of her moral obligations to humanity, what would have been the effect on American opinion? The truth is that Japan fears the United States. The Washington conference did something to allay that fear. The results of that conference have been largely undone by the recent abruptness of congress and the ineptitude of the state department. Whether Japan has large sums of money to spend during the coming years in carrying forward the modernization of her cities depends more upon our foreign policy than upon the excellence of our municipal science.

INFLUENCE IN CHINA DEPENDS UPON FOREIGN POLICY

In China likewise our influence in the municipal field depends to a considerable extent upon our foreign policies. There is a group of young Chinese, especially at Shanghai and in the Southeastern University at Nanking, fully alive to the significance of municipal improvement, but the distracted condition of the nation makes

all humane efforts seem futile at present. And for that distracted condition our country in common with other great powers must bear a share of responsibility. With a generous gesture we devoted a large part of the Boxer indemnity to educational work. Most of it has been wasted, at least most of the money spent on bringing Chinese students to America. I speak not on my own authority alone but that of fifteen of the most distinguished leaders in China with whom I discussed this issue for many hours at a private conference. We have taken Chinese students out of their natural environment, brought them to this country, and filled their heads with the Declaration of Independence, the Constitution of the United States, and the principles of psychology, ideas practically worthless to them in their native country. We have accustomed them to novel modes of life and thought and unfitted them for work and leadership at home. Of course, there have been notable exceptions, but the general rule is undeniable. I here publicly confess that, ignorant of China and her needs in the course of many years, I filled the minds of hundreds of Chinese students with facts and ideas no more appropriate to China than to the moon. As for others let them speak for themselves. It would have been far better to have devoted the Boxer money to schools of engineering, sanitation, economics, and administration in China and to have kept in their own country nine-tenths of the Chinese students who have been brought to the United States. Through the agencies of education we have done practically nothing for municipal administration in China.

And by our foreign policy we help to make it impossible for the Chinese to do anything for themselves. We unite with the so-called civilized powers of

the world in maintaining fiscal measures which prevent any government in Peking from getting enough money to maintain an army capable of establishing and sustaining national unity. The said powers have fixed the rate of the customs duties in their own interest; they collect the money, pay the foreign investors, and then hand the pitiful remainder over to Peking government. The great powers refuse to do anything magnificent in China; they also refuse to get out and let those who might accomplish something have the field. So while our intellectual influence on municipal development in

China might be immense and our leadership in that sphere would be welcomed, we accomplish little or nothing. And with the passing years we grow more bumptious, more swollen with material power. Our secretary of the navy walks down to the shores of the Pacific and shakes cold steel under the noses of our neighbors. Admirals of the navy, active and retired, periodically ring the alarm bell and warn us to be prepared for the coming crisis. We are even now called upon to choose whether we will strive to master the world by the sword or rule it with the power of the spirit.

ANNUAL MEETING OF THE GOVERNMENTAL RESEARCH CONFERENCE

BY ARCH MANDEL

Secretary

For "researchers" who weren't present, and for others who want to know what the "researchers" are doing and thinking :: ::

THE fourteenth meeting of the Governmental Research Conference, which was held at Cambridge, Massachusetts, November 10, 11, and 12, last, was a successful one. The sessions were well attended, the papers instructive, and the discussion fruitful. In fact, the fullness of the program left little room for individual social contact and for any business conferences not on the program.

A continuation of the controversy of "Pay-as-you-go *vs.* Bonds as a Means of Financing Public Improvements" was the subject matter of the first session. Mr. Cummin, the proponent of the bond method, who precipitated the debate in the pages of the NATIONAL MUNICIPAL REVIEW

and who was scheduled to appear, was absent, so that the preponderance of the argument presented at this session was against borrowing for financing improvements. Messrs. Zukerman and Studensky pointed out the undue costliness of making public improvements from monies obtained through borrowing. Mr. Zukerman, taking the city of New York as an example, traced the growth of the bonded debt of that city, showing how, with the piling up of the bonded debt, the annual charges for debt service payable from current revenue eventually approximates the annual issuance of bonds for public improvements. No solution was presented, unless Mr. Studensky's recommendation that unusual expendi-

tures for public improvements be financed by bonds and recurrent expenditures be financed from current revenue be considered an answer to the problem.

PRACTICAL HINTS WANTED

The public officials present were disappointed in the failure of the papers and the discussion to bring out any solution or at least "practical" suggestions that could be followed by them.

Mr. Link, secretary of the Board of Estimate, Minneapolis, expressed the need for some authoritative reference and guide for the public official in this matter of financing improvements, and this need being obvious, the meeting adopted a resolution requesting the National Municipal League to appoint a committee to study the methods of financing public improvements and to make practical, helpful recommendations.

No doubts were left in the minds of the audience as to the need for improving federal statistics with respect to municipalities after hearing Messrs. Waddell of Massachusetts, McGee of Akron, and Zukerman of New York, present their experiences and their views on this topic, which was the subject of the second session of the meeting. Sufficient specific evidence of the inadequacy and uselessness of the present municipal statistics published by the United States bureau of the census was presented to cause that department, when it learns of these defects, to make immediate and radical changes in this branch of its work.

PER CAPITA COST STATISTICS

In the course of his remarks, Mr. Waddell stressed the meaninglessness and the danger of using per capita cost figures as a basis of comparing cities as to efficiency, extravagance,

or for any other purpose. Dr. Brittain of Toronto, however, took issue with the emphatic denial of the usefulness of per capita cost comparisons. He brought out the point that the per capita figures themselves should not be used as the sole and conclusive evidence in comparisons; that they were merely supposed to be indices, directing attention to the need of further investigation and study. "If per capita figures are used in this way," stated Dr. Brittain, "their value is undeniable."

This session also resulted in the passing of a resolution requesting the National Municipal League to appoint a committee to study the question of municipal statistics published by the federal government and to make specific recommendations as to ways and means of improving such statistics. It is interesting to note that the National Municipal League is responsible for the publication of municipal statistics by the federal government. It seems, therefore, fitting that this organization should call the attention of the Bureau of the Census to ways and means of improving its output.

RESEARCH AT HOME AND ABROAD

Dr. Beard was his usual instructive and interesting self in his talk on "Governmental Research at Home and Abroad." Although the governmental research movement was started "at home" eighteen years ago, the appreciation of its worth and the interest in its progress seems to be greater at the moment "abroad." Dr. Beard told of his experience in Japan with the Tokio Bureau of Municipal Research, of the part it played in the rebuilding of Tokio, and of the spreading influence of this organization in other parts of Japan. The most interesting piece of information given

out by Dr. Beard was that of the proposal to organize an international bureau of municipal research as a part of the machinery of the League of Nations. It is an interesting fact that a "home" movement should apparently receive greater impetus and greater appreciation from public men in countries other than the United States. However, it is always more difficult to be a hero in your own home town. Dr. Beard emphasized the need for launching a national movement, so that governmental research will be given adequate recognition and be placed upon a firmer foundation, and as a beginning, he suggested the need for reviewing the progress of municipal research, what it has done and where it is going.

Probably the most significant result of this fourteenth meeting is the definite step to be taken by the National Municipal League and the Governmental Research Conference, acting jointly through a committee to be appointed by the National Municipal League, for the launching of this much talked of national organization for governmental research. The question was discussed more seriously, if that were possible, than at any of the previous meetings, and it is felt that a greater impetus than ever before was given the movement at Cambridge.

Professor Munro's illness prevented us from hearing "What the Professors Think of the Research Movement" and particularly what he thinks of it. Instead of this subject, L. D. Upson

came nobly to the rescue and gave a résumé of the political situation in Cincinnati, which culminated in the adoption of the city manager government last November.

Because of the inability to hold the meeting on the professors' attitude towards researchers, it was necessary to cancel the session on "What the Researchers Think of College Instruction in Municipal Government." It was unfortunate that these two meetings had to be cancelled, because both sides would have undoubtedly learned something about themselves. Researchers are always eager to hear what their well-meaning critics, the professors, think of them.

Any comments on this fourteenth meeting of the Governmental Research Conference would be incomplete without an expression of appreciation for the thoughtful arrangements made by the Committee on Local Arrangements. Unfortunately Professor Munro, chairman of the Committee, was prevented by illness from attending the meeting. His absence was noted and felt. The Conference was honored by the presence of Dr. Charles W. Eliot, who attended one of the sessions and a luncheon.

This brief discussion deals with the first day's sessions of the meeting. The others, which were held jointly with the National Municipal League, are discussed in another section of the REVIEW. The papers and other remarks about the meeting will be published in subsequent numbers of the REVIEW.

THE LEAGUE'S THIRTIETH ANNUAL MEETING

BY FERDINAND H. GRASER

Philadelphia

Voted by many the most successful and worth-while meeting in years.

WITH Harvard University and the Boston Chamber of Commerce as its hosts, and with a program which attracted to its sessions scores of members of the Harvard faculty and student body, and of interested citizens of Boston, the National Municipal League held its thirtieth annual meeting in Cambridge and Boston, on Monday, Tuesday and Wednesday, November 10, 11 and 12. Some of the sessions were held jointly with the Governmental Research Association, and the National Association of Civic Secretaries.

The November election in Boston having dealt with the city's charter, along with matters of national and state importance, and having resulted in a return to the ward system of councilmanic representation as against election at large, keen interest was felt locally as to what the speakers at the convention sessions would have to say on the subject. One of the sessions being devoted to "The Government of Metropolitan Areas," and Boston having had some experience in that direction, there was naturally a feeling, which proved to be well grounded, that speakers from that district could contribute valuable material to the discussion.

It was a convention, too, of practical men, not of pure theorists. They could point to actual experience in every case as an argument for or against policies under debate; and

many of those who participated had had a real part in shaping the experience of their home cities, either in the field of charter-making or in administration, and they spoke with the confidence of authority.

CONVENTION NOT TOO SERIOUS

However, the gathering was not altogether and exclusively serious. There was time on the program for a smoker on Monday evening at the Colonial Club, Cambridge, given by the Committee on Local Arrangements, when the delegates were entertained with selections by the Harvard Glee Club; and on Monday afternoon Miss Bernice V. Brown, dean of Radcliffe College, was the hostess to the ladies of the National Municipal League, and of the associated organizations, at tea, at Radcliffe College. Prof. W. B. Munro was chairman of the committee on local arrangements, and Prof. A. C. Hanford secretary; and Thomas H. Reed was chairman of the program committee. Others who assisted in the arrangements were Mrs. T. J. Bowlker, president of the Women's Municipal League of Boston; Prof. Phillips Bradley of Wellesley College; Harvey S. Chase, Robert Treat Paine and Judge Robert Walcott of Boston; Dr. Frederick A. Cleveland, Boston University; Frederick H. Fay, chairman of the Boston City Planning Board; Prof. A. B. Hart and Prof. A. N. Holcombe of Harvard;

Forrest W. Hull of the *Boston Transcript*; George H. McCaffrey, Jr., secretary of the Good Government Association; James A. McKibben, secretary of the Boston Chamber of Commerce, and Dr. Morton Prince of the Boston City Club.

MEETINGS AT HARVARD UNION

At the opening session of the convention, held in the famous Harvard Union, with students from classes in Political Science taking notes, emphasis was laid on the danger of issuing bonds constantly in payment for public improvements. Paul Studensky presented a study of Newark, Elizabeth, Trenton and other cities in New Jersey. He showed the advantage of financing improvements from current revenues. Another alternative to bond issues, he pointed out, is a special tax levy. T. David Zuckerman showed that payment by current revenue in New York city would save upwards of twenty-five millions of dollars a year. Judge Michael Sullivan, chairman of the Boston Finance Commission, presided. George M. Link, secretary of the Board of Estimate of Minneapolis, said that in his city there are 143 state laws on bond issues, 64 applying to Minneapolis alone. At the luncheon which followed, Dr. Charles A. Beard told of governmental research at home and abroad, with special reference to his recent experiences in Japan. He said that there were distributed in Japan, after the earthquake last year, thousands of copies of the pamphlet entitled "Modern City Planning," by Thomas Adams, published by the National Municipal League. Science is our best hope for the Orient, he said, and not in going back to a misty medievalism, which is largely a creature of our imagination. Scientific research in the art and practice of government has more to offer to the Orient

than any other one thing. He would like to see a national institution in this country, adequately financed, to furnish information, advice, and definite expert assistance to municipalities in dealing with problems of their government. This, he said, is what the League of Nations will presumably attempt to do for the municipalities of the other countries.

Improving federal statistics with respect to municipalities formed the topic of the afternoon session, with papers by Theodore N. Waddell, H. G. McGee, of the Akron Bureau of Municipal Research, and Professor A. C. Hanford. The shortcomings of the Census Bureau passed under scrutiny, and suggestions were made in the direction of greater uniformity of methods among cities in keeping statistics, and greater promptness in compiling them.

ELECTION OF OFFICERS

Following an interesting inspection trip through the Widener Memorial Library of Harvard University, where special stops were made at the collections of municipal statistics and literature relating to the study of municipal government, a "get together" dinner of members of the League was held, Richard S. Childs, vice president, presiding. At the annual business meeting, Frank L. Polk was re-elected president of the League. To fill vacancies arising in 1924, the following officers and members of the Council were chosen:

President—Frank L. Polk, New York.

Vice Presidents—George Burnham, Jr., Philadelphia; Richard S. Childs, New York; Carter Glass, Lynchburg, Va.; William B. Munro, Harvard University; W. D. Lighthall, Montreal; Meyer Lissner, Washington, D. C.; A. Lawrence Lowell, Harvard University; J. Horace McFarland, Harrisburg; C. E. Merriam, Chicago; Julius Rosenwald, Chicago; L. S. Rowe, Wash-

ington, D. C.; Belle Sherwin, Cleveland; A. Leo Weil, Pittsburgh.

Treasurer—Carl H. Pforzheimer, New York.

To fill vacancies on the Council in class of 1925—C. A. Dykstra, Los Angeles; Dr. Lent D. Upson, Detroit.

Council, Class of 1927—Dr. Charles A. Beard, New York; Mrs. Craig C. Miller, President, Michigan League of Women Voters; Harland Bartholomew, St. Louis; Edwin A. Cottrell, Leland Stanford University; Louis Brownlow, City Manager, Knoxville, Tenn.; Dr. Frank H. Sommer, Dean of New York University Law School; Edward M. Bassett, New York; Prof. Thomas H. Reed, Michigan University; Mrs. F. Lewis Slade, President, N. Y. League of Women Voters; Lawrence Tanzer, New York.

Problems of street traffic and transportation in New York and Boston engaged the attention of the delegates on Tuesday morning, November 11, Prof. James Sturgis Pray presiding. Thomas Adams, general director of Plans and Surveys for Manhattan, stressed the point that while we cannot plan without regard to existing conditions, main attention should be directed to what is likely to be the case years ahead, and efforts should be then directed, by means of regional planning, to meet those future needs. Henry I. Harriman, chairman of the Metropolitan Planning Division, commonwealth of Massachusetts, and former head of the Boston Chamber of Commerce, explained new and proposed developments of transit facilities to handle the city's increasing traffic. He pointed out that the circumferential roads of the Boston metropolitan area were not as well developed as the radial routes leading directly from the center of congestion.

A special commission will shortly report to the Massachusetts legislature on the subject of a \$30,000,000 thoroughfare to encircle the entire central business district of Boston. In future, subways instead of elevated

lines will be built, and the use of busses for passenger traffic will be studied.

PRESIDENT ELIOT'S TALK

An attentive listener at this session was President Emeritus Charles W. Eliot of Harvard. Called to the platform after the papers had been read, he said:

As I have listened to these very interesting papers, I have been wondering if any addition could be made to their expectations of active work. (They seem to me, both from New York and Boston, to be considering ameliorations, present ameliorations; but ameliorations the ceasing of which they themselves foresee, within very limited periods of years. In other words, in a very short number of years they will have ceased to produce the effects we all desire.

I have been wondering whether there is no mode of action which is feasible, or may be regarded as feasible. The real remedy for the congested state of New York and the region round about is, I think, to move out all your factories—businesses which require thousands and thousands of laborious operatives, confined perhaps eight hours a day, in their factories.

A few years ago I was visiting a very interesting printing office in Greenfield, Massachusetts, and I was much attracted by the talk and manner of the superintendent of that factory, as he showed me over it. I was attracted by his sensible remarks about an individual workman, whom I was looking at. Finally, I asked him, "How long have you been in Greenfield?" He said, "Three years." "Where were you before?" I asked him. "In New York city," he replied. "Why did you move from New York to Greenfield?"

"Because," he answered, with great frankness, "because I found it was absolutely impossible for me to bring up my children—I have four—in New York city, if I was going to follow the occupation which I then followed."

I naturally asked him if he hadn't been obliged to accept a considerably lower wage at Greenfield than he had received at New York. He laughed, and told me he had accepted several hundred dollars a year less compensation; but, he added, "I am awfully glad I came here."

Now, that suggested to my mind at the time that the thing we want to aim at in our planning

for the better future of our cities, is the moving of all factories which require indoor confinement of their workmen, out of the cities. I have had a share in observing something of this sort of thing here in Boston and Cambridge on the part of business men who, though requiring profits first of all, have had somewhere in the back of their heads the thought that they were benefiting their workmen by moving their plants.

Is that possible on a large scale in New York city? Is there any authoritative influence or power which can take out of New York city and put into country situations, all their factories, all their indoor industries? It does not look impossible to me, because the natural situation of Manhattan Island very strongly suggests that its real function is that of a great center of buying and selling—the buying of merchandise from the whole country and from abroad, and the selling and distributing of the product from that center by the new means of transportation which we are already enjoying.

GOVERNMENT OF METROPOLITAN AREAS

Varying points of view concerning the government of metropolitan areas were presented at the afternoon session, November 11, by Professor A. C. Hanford, who presided; Clayton C. Townes, mayor of Cleveland; Andrew J. Peters, ex-mayor of Boston; and C. A. Dykstra, secretary of the City Club of Los Angeles. Mr. Townes said that the governments of Ohio metropolitan areas, such as the districts including Akron, Dayton, Youngstown, Toledo, Columbus, Cincinnati and Cleveland are "chaotic, piecemeal, inefficient, and wholly incapable of rendering a good, sensible and economic public service. With their social, industrial, economic and financial interests so bound together that there should be no disintegration, they are separated politically by foolish and arbitrary lines into a hundred and one separate and distinct units; and, what is worse, apparently conditions must get worse to the point of intolerance before they get better. Public busi-

ness should profit by the experience of private enterprise. Consolidation and unification have been the by-words of business and have made beef, telephones, sugar, steel, building supplies and other commodities cost the consumer far less. Just so will the same principle applied to metropolitan areas cost the taxpayer less."

Former Mayor Peters said: "Careful thought must be given to the development of a system of government which will respond to the needs of these enlarged metropolitan districts. We must consider not only the present problems, but must remember that the functions of municipalities are increasing and expanding, and we must allow for their adaptation to new conditions in the future. Transportation will have to quicken its pace so as not only to meet but to anticipate the needs of the population. At present, it lags far behind. Broad avenues will have to be cut through our cities, tunnels built, and there may be arcades, depressed streets, and other devices. Less must be left to hazard, and more must be deliberately planned. One central government should direct the police force, the fire fighting force, the educational activities and other agencies of government in the metropolitan area. Experience would indicate a greater rather than a lesser executive power for the welfare of the citizens."

Mr. Dykstra's address dealt with the problems of water supply, flood control, and traffic congestion in Los Angeles and its vicinity, and he showed that out of each of these functions had grown new conceptions of regional planning.

DISTINGUISHED SPEAKERS AT ANNUAL DINNER

The annual dinner of the League was held at the new Chamber of Commerce Building on Tuesday evening, No-

vember 11, and was marked by brilliant addresses by the toastmaster, President A. Lawrence Lowell of Harvard, a vice president of the League; by Frank L. Polk, president, and by Dr. Charles A. Beard.

On the following morning, the session being held in the Chamber of Commerce Building, tendencies in municipal home rule legislation and practice were discussed by W. P. Lovett of Detroit, who presided; Lawrence Tanzer of New York city; Prof. O. C. Hormell, of Bowdoin College; Mayo Fesler, secretary of the Citizens' League of Cleveland; A. R. Hatton of Cleveland, Walter T. Arndt of the Citizens' Union, New York; Prof. Thomas H. Reed of the University of Michigan, and others.

Mr. Tanzer's paper was an analysis of the New York state law on the subject, and Mr. Fesler showed how Ohio's policy of municipal home rule made the Cleveland experiments possible. He said that there is no disposition among the people of Ohio to go back to conditions existing before the adoption of the home rule amendment to the state constitution in 1912, at which time, he said, Ohio cities "were mere pawns on the political chess-board of the state." Professor Hormell advocated increased home rule for cities in the field of financial policy-making, but urged that the states should increase supervision of cities in the field of financial administration. Dr. Hatton pointed out that, as over 50 per cent of the population of the United States now lives in cities, the states must grant home rule to cities. He held that there should be no checks by a legislature on municipal budget-making. Professor Reed replied, however, that municipal indebtedness should be held within common-sense limits.

A detailed description of the state

budget procedure of Massachusetts was given at the Wednesday luncheon by Henry L. Shattuck, chairman of the Ways and Means Committee of the Massachusetts House.

HOW THE BOSTON CHARTER IS WORKING

Bostonian interest in the convention reached its climax at the final session, on the afternoon of November 12, when the general topic for discussion was astutely entitled, "The Boston Charter: Is it Undergoing Repairs?" Those who helped to bring about the present framework of government in Boston were there to show that no repairs were needed; the other speakers were not so sure about it. But at all events, it was a most interesting and lively session, with an attendance crowding the aisles of the meeting-room to the very end.

Nathan Matthews, Jr., who presided, summarized the laws leading up to the present Boston charter, and pointed out that the constitution of Massachusetts contains no provisions for the control of municipal affairs. In 1909 there was a comprehensive revision of the entire organic framework of municipal government in Boston, a small council of nine members, elected at large, supplanting the previous unwieldy municipal legislature. This act, said Mr. Matthews, "was the most thorough-going reform ever attempted in this country in the matter of municipal administration." He praised the provision to the effect that all appropriations for the current expenses of the city government must originate with the mayor, the council having power to cut down but not to add to the figures. The mayor has an absolute veto over all other acts of the council. Another new feature which he thought highly commendable was the appointment of a permanent finance commission by the governor of

the state, to investigate and criticise the municipal administration. That the net debt of the city of Boston has increased only, $11\frac{1}{2}$ per cent since the charter was framed was, he thought, evidence of its soundness. Alluding to the death of Senator Henry Cabot Lodge, whose funeral was held on the day of this final session, Mr. Matthews said that had it not been for Mr. Lodge's personal interest and active efforts at the state capitol, the charter act would probably not have passed, in 1909.

John F. Moors of Boston and Richard S. Childs of New York discussed some of the deficiencies of the charter, the latter dealing especially with the absence of the short ballot, and with the unwieldy election district created. Boston, he said, must sooner or later do as Cleveland did, abandon this type of charter and move on to the city manager plan, preferably with proportional representation. John F. Lewis of the finance commission of Boston; Harvey S. Chase, Dr. Morton Prince, George H. McCaffrey, secretary of the Boston Good Government

Association, Dr. Hatton, Mr. Fesler, and others, contributed to the discussion. The final paper was presented by George R. Nutter, president of the Bar Association of Boston, who expressed his regret that Boston had not adopted proportional representation. However, he concluded, the only way in which municipal affairs may carry on successfully is not to keep changing the machinery all the time, merely because it does not seem to work, but go much deeper, at the basic trouble, namely, the voters themselves.

A number of the delegates to the League convention attended the annual gathering of the National Proportional Representation League, held Wednesday evening, November 12, at the Twentieth Century Club, Boston. A letter was read from Charles W. Eliot of Harvard commending the League's work, and addresses were made by Dr. A. R. Hatton, Walter J. Millard, field secretary of the League; Mayor Townes and Mayor Fesler of Cleveland; Harold Henderson of the Milwaukee Citizens' Bureau, and George H. McCaffrey of Boston.

THE REHABILITATION OF A STREET RAILWAY

WHAT CIVIC SPIRIT DID IN ONE SMALL CITY

BY J. A. ESTEY

Professor of Economics, Purdue University

A small town street railway system, three years ago a source of reproach, under home ownership and management becomes a joy and pride. :: :: :: :: :: :: :: :: :: ::

THE years since the war have been filled with so many exciting events that minor but significant happenings may easily be overlooked. But in LaFayette, Indiana, there is a street railway company, operating some sixteen and a half miles of line, that in the short space of three years has become a glaring success. And that city which, with its neighbor across the Wabash River, West LaFayette, is a community of some 30,000 people, now enjoys the rare distinction of having a street railway that, with a uniform five-cent fare and free transfers, not only gives admirable service to its patrons, but is actually making money for its proprietors. Probably no other city in Indiana, and few in the United States can make such a boast. This remarkable situation is all the more interesting when one recalls that less than three years ago the LaFayette Street Railway was in such a state of financial and physical distress as to justify the reputation of being the world's worst street railway system. If the street railway problem in general had come to be considered almost hopelessly insoluble, the chances of the exhausted LaFayette property ever becoming of ordinary convenience to the public, to say nothing of making money for the owners, seemed incredibly remote. It was one of those

cases of hopeless debility from which the patient never recovers. But the patient did recover, much to the amazement of all the doctors.

To understand the situation, one must go back to 1913, that lovely invention of the statisticians, the basic pre-war year.

In that year we find the originally independent LaFayette Street Railway operated as part of the interurban system of the Fort Wayne and Northern Indiana Traction Company, equipped with rented cars that were the cast-offs of the Fort Wayne Street Railway, and saddled with a burden of debt of \$225,000 in bonds that were now due. For various reasons that do not concern us here, the company was already having a hard time making things go, and had just been compelled to apply for an extension of the bonds to 1923. This was agreed to by the trustee for the bondholders, the Real Estate Trust Company of Philadelphia, as being the only alternative to a receivership.

CALAMITIES PILE UP

The next few years let loose a succession of calamities. Flood, war and pestilence came one after the other to afflict the company. The war brought its long course of rising costs, influenza laid its paralyzing hand upon the vol-

ume of traffic, and the flood of 1913 carried out the principal bridge to West LaFayette, broke the traffic connection with Purdue University and its hordes of students; and opened the door for the depredations of the jitney. Almost worse than the flood was its aftermath, for the county commissioners somehow persuaded the Fort Wayne and Northern Indiana Traction Company to assume a considerable part of the cost of a new bridge, and we have the amazing spectacle of a body of street railway magnates agreeing to pay \$32,000 on the bridge and \$4,160 on the cost of the approaches.

In 1919 the Traction Company bowed its head under the accumulated weight of its distresses, and went into the hands of a receiver. The LaFayette property was detached and transferred to the LaFayette Service Company, which acquired little save a gloomy history and even more melancholy prospects. The net earning power of the company was steadily declining, and in 1919 the LaFayette Service Company defaulted its bond interest, and again in 1920 and 1921. It also passed up its taxes and the stipulated payments on the bridge, leaving the trustee to pay them to save the property for the bondholders. Eventually the creditors petitioned for a receiver and in October, 1921, the property passed out of the hands of its proprietors into the sheltering arms of the federal court.

RECEIVER'S DISMAL JOB

It was a dismal job for any receiver, for the situation was practically hopeless. The property was in a ghastly state of depreciation. The main lines down town had of necessity been kept in fair repair, but the outlying parts were sadly deteriorated. The going was rough and often dangerous. In-

deed only a glittering succession of miracles kept the cars on the tracks. Strong nerves and even stronger stomachs were the prerequisites for happy riding over much of the system.

The cars were in still worse condition. Rented from Fort Wayne, they were out of date when they were installed. In most of them the passenger sat in antediluvian fashion along the sides, deafened by the racket, and wondering where the next break-down would occur. The cars were cold in winter, smelly at all times, and an unmitigated bane to everybody save in the most exceptional circumstances. Riding in them was, as Samuel Butler says of life, one long process of getting tired.

As a result, schedules were slow and hard to maintain. Connections were uncertain and through routing unheard-of. If people used the cars, it was only when they had to. Moreover as traffic declined, the service became worse, and so the usual vicious circle of deterioration was set up. By 1921, in the matter of service and operation, the LaFayette Street Railway had become a by-word and a scandal.

Then there were the jitneys. When the flood carried away the principal bridge across the Wabash River, a few enterprising Ford owners began to carry passengers to West LaFayette over the remaining bridge for a five-cent fare. As their success was immediate and enormous, a multitude of others followed suit, and a lucrative business was soon established that laid the foundations of several minor local fortunes. When the bridge was restored, and street-car service resumed, the jitneys went right on, and from that date the levee swarmed with them. Their speed, their number, the relief from the ghastly discomforts of the street cars, brought them increasing volumes of traffic and by the time

the receiver took over the street car property, the West LaFayette lines had become a liability rather than an asset.

OPERATION UNNECESSARILY HIGH

But the declining traffic was not the only blow to the company. The operation of the system was unnecessarily expensive. For one thing, the company produced its own power; and as the power plant was out-of-date, costly to maintain, and ill adapted to the irregular demands of the service, the price of power was above the ordinary market rate. It would have been cheaper to buy, but the company was saddled with the plant and had to use it. Another expense arose from the use of tracks and power by the interurbans from Indianapolis and Fort Wayne. The service was paid for, but the greatly increased cost of maintaining tracks and pavements, the occasional interference with local schedules and, most of all, the difficulty of preventing the interurbans from getting more power than they were entitled to, made the arrangement a costly one. Then again, some of the lines operated by the company—evidences of early enthusiasm for the well-being of the community—had ceased to be profitable, and should have been abandoned. This was particularly true of the Battle Ground line, nine miles in length up the Wabash River to the Indiana State Soldiers' Home and on to the small rural community of Battle Ground. The modest traffic over this section, its inordinate length, and the necessity of maintaining a bridge, already in a dangerous condition, made it grossly unprofitable.

PROPERTY SOLD AT AUCTION

Such were the problems facing the receiver in October, 1921. They might have been solved had the company

been able to raise capital for a complete program of reconstruction. But the credit of the company had long since evaporated, and the only alternative was to sell the property. Accordingly the court authorized a sale, and in March, 1922, three separate parcels of property were sold at public auction in the city of LaFayette: (1) A derelict amusement park on the Wabash River, a sad relic of early extravagance, sold to the Soldiers' Home for \$6,000; (2) The power plant, for which the local public utility paid \$95,000; (3) The street car system property with its lines and car barns and such equipment as was not hired, which was finally bought by a group of local capitalists for \$75,000.

There had been much speculation as to the probable fate of parcel number 3. For there were two, and only two, alternatives. One was that a local junk dealer would buy it, scrap the rails, and other equipment, and so end the system. The other was that some public-spirited people might have sufficient belief in the need of the town for a street railway to be willing not only to buy the property, but to put up the considerable sums necessary for its drastic rehabilitation. No other alternative seemed possible. So there was a dramatic moment on the east side of the public square when one March morning, a master in chancery stood where usually aspirants for political honors hold forth to woo the suffrages of the local voters, and offered for sale the operating property of the LaFayette Street Railway. And there occurred something more significant than political speeches, when the local capitalists outbid the junk dealers and for \$75,000 bought the job of rehabilitating a broken-down street-car property. For this hardy deed saved to the community a transportation system that was essential to its well-

being and that could never have been adequately replaced by any arrangement of jitneys.

So ended the old company with all its liabilities, and a new crowd entered into possession of the depreciated wreckage free from all encumbrances save a year's taxes and some \$4,000 in bank loans. The county commissioners with their claims for bridges dues, and the eastern bondholders together with the faithful Real Estate Trust Company of Philadelphia now pass out of the picture.

LOCAL OWNERS TAKE CHARGE

The new owners of the property, the LaFayette Street Railway Company, immediately proceeded to carry through a complete program of repairs, replacements and improvements, costing to date some \$275,000. Tracks were relaid, surface repaired, some mileage restored that had been abandoned, double track extended, automatic switches installed. Some of the more unprofitable sections were abandoned, particularly certain lines in West LaFayette and the line beyond the Soldiers' Home to Battle Ground, despite the piteous outcries of the rural residents. Having a free field in the matter of cars, the company purchased and put into service fifteen one-man safety cars of the Standard Birney type, of light weight (15,500 pounds) and seating thirty-two passengers.

In the meanwhile protection against the destructive competition of the jitneys had been secured from the authorities of the two towns by the passage of the necessary ordinances. Barred from the streets used by the street railway and with no means of access either to West LaFayette or the Soldiers' Home the jitneys evaporated like the snows of yesteryear. In fact, most of the jitney owners seeing the end approaching, had al-

ready settled their affairs and departed.

The capitalization of the company was finally fixed at \$300,000; \$200,000 in twenty year 7 per cent bonds sold at par, and \$100,000 common stock, of which \$80,000 has been issued and is held by a small number of local capitalists. The purchase of the cars was financed to the extent of \$50,000 by the issue of car-trust obligations of which less than half are now outstanding. In addition there are certain bank loans of modest amounts.

DEFICIT TRANSFORMED INTO NET INCOME

The company has now been operating two years and a half, and unquestionably is a notable success. In the last year of the old company's existence, before the receivership of October, 1921, the operating deficit was \$11,060; in 1923 the net operating income was over \$37,000. In less than two years of operation, the new company was able to increase net earnings by over \$48,000, and turn a loss into a net profit, after all interest charges had been paid, of over \$21,000. This is a notable earning on an outstanding stock issue of \$80,000.

The reasons for this surprising achievement are to be found partly in the increased volume of traffic, partly in economies of operation, partly in the good will rising from local ownership and management.

(1) *Increased volume of traffic.* The essential weakness of the old company was the growing unwillingness of the public to ride on the cars. But the backers of the present enterprise were convinced that this condition was artificial and could be corrected. They believed that the normal growth of population, the increased habit of riding (as to the movies, day and night), and the elimination of other forms of

transport, would bring traffic to any system that offered even moderately respectable service; and that good modern cars operated with reasonable headway and convenient schedules ought to increase traffic enormously.

In this the proprietors were right. The public was given a most admirable service. They were offered nice bright shiny cars instead of antiquated pigpens; the cars were operated on a 12-minute headway instead of 15 or more as of old, and on a 6-minute headway on Main Street and across bridge and levee; the schedules were rigidly adhered to; through lines were established to replace the awkward, slow and costly system of breaking all traffic at the public square; adequate extra service was afforded at peaks and for after-theatre traffic; an owl service was established to West LaFayette so that students with dates in town could get home; the operators were instructed to be polite and engaging. The service, to repeat, was admirable, and the public responded nobly. Within two months, the traffic had increased 60 per cent.

A substantial part of this improvement must of course be attributed to the elimination of the jitneys, particularly in regard to the West LaFayette line, where competition had been most deadly; but it must in fairness be said that the superior attractions of the new railway service would have cut heavily into jitney traffic in any case, not perhaps among the student population with its mania for speed and noise, but among the ordinary resident riders who deplored the irresponsibility of the average jitney driver.

The statistical evidence of this increase is worth recording. Whereas in the first nine months of 1921 the old company carried 2,045,172 revenue passengers, the new company carried 3,094,018 in similar period in 1923 and

3,098,516 in 1924, an increase of over 50 per cent. This gain has more than offset the reduction of fares from seven cents to five, a passenger revenue of \$143,162 in 1921 increasing to \$154,700 in 1923 and \$154,925 in 1924.

(2) *Economies of operation.* The most important single source of saving is the one-man car, by virtue of the elimination of the unnecessary conductor. It is true the wages bill is not cut in half, since the company pays higher wages than the old scale, and in addition has to maintain signalmen at the three steam railroad crossings, where formerly the conductor got out and looked. But, even so, the one-man car has reduced the wage bill about 27 per cent, which means a very substantial saving in the costs of operation. Moreover the one-man car, by virtue of its light-weight and safety devices reduces the cost of power, the wear and tear on the tracks, the number and cost of accidents, and the initial capital outlay.

Another considerable saving is in the cost of power. By eliminating the old power plant and purchasing power when and in what amounts it wants it, the company is saving at least 15 per cent in price per unit of power. And as the use of lighter cars and the abandonment of some outlying parts of the system, also reduces the amount of power units used, the company makes a double saving of some \$10,000 a year, a sum which of itself would almost wipe out the operating deficit of the year 1921.

Expense has been reduced also by the elimination of burdensome assessments for the use of streets and bridge. The liability for rebuilding the bridge, which was such a burden on the old company, is a thing of the past; today the street railway uses the bridge on the same terms as it uses the streets. And in regard to the streets, it main-

tains the pavement between the tracks, but does not have to pay for its installation or renewal. More exactly, it pays only for that part of the cost of construction that is due to the extra depth of foundation required for car tracks.

WHAT LOCAL OWNERSHIP MEANS

(3) *Local ownership.* The statistical proof of prosperity can be found in traffic revenues and the reduced expenditures, but there is an element in the success of this venture which, though intangible, should not be overlooked. I mean the effect of local ownership. The men who have financed the business are local people. They are interested in the community as well as in the railway property. They are interested in giving good service as well as in earning profits. They are not outsiders regarding the business as a money-making machine, with all the attendant possibilities of exploitation, improper maintenance, poor service and all similar devices for making profits at all costs. Moreover the local ownership adds to the good will of the company in the hearts of the public. The hostile attitude that did so much to wreck the old railway arose not merely from the abominable serv-

ice, but from a feeling that "the interests" were getting all the fun. And "the interests" were outsiders like the Fort Wayne and Northern Indiana Traction Company with its far-reaching connections. That feeling does not exist today. It has been claimed that resident shareholders are largely responsible for the success of the Cleveland Street Railway. The same could well be said of LaFayette.

If there is any moral to be drawn from this account of the advance of the LaFayette Street Railway Company, it is that what has been done in LaFayette can be done elsewhere. LaFayette has no obvious advantages of location. It is scattered, it has hills, it is not a big town with a heavy business to draw from. It is probable that the physical peculiarities of the locality count for nothing in the success of the company. What does count is the one-man car, the purchase of power, the elimination of the jitney, the rigid determination to give adequate speedy and comfortable service under all circumstances, and the mutual good will arising from local ownership. On the face of it, these are conditions for success that any small community with public spirit could command.

A DEFENSE OF PUBLIC BORROWING

BY CHARLES K. SUMNER

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The author believes that public borrowing, as against pay-as-you-go, is legitimate under present circumstances. :: :: :: ::

THE old question of bonding or paying as we go has been threshed out time and again, and more recently has been very ably discussed by contributors to the NATIONAL MUNICIPAL REVIEW. Most of these favor paying as we go. Something, however, remains to be said, for little attention seems to have been paid to certain factors which lead in the end to an entirely different view of the matter.

It has properly been taken for granted that our public borrowing is not merely an occasional or emergency practice, but that it has become an accepted financial policy which is applied to practically all our capital demands no matter with what certainty or regularity they may recur. And it has been well argued that recurrent borrowing necessarily involves a cumulative bonded debt, and such a piling up of principal and interest charges that in time the taxpayer will be heavily penalized instead of enjoying the advantage which has been claimed; that is, of using the assumed tax saving at a higher rate of return than need be paid upon the capital we borrow. But the assumptions upon which this argument has been based are open to some important qualifications.

It may be said of most public improvements, school buildings for example, that the additional facilities required reflect more or less directly the increase of population. The rate-characteristics of this increase, and

their effects upon the accumulation of bond issues and bond tax payments, therefore deserve careful consideration. For the quantitative elements of the question must be fairly understood before viewing it in its broader aspects.

According to Levasseur's hypothesis, which has been amply supported by statistics, "the attraction of human groups, like that of matter, is in general proportionate to the mass." Cities therefore tend normally to increase, both by immigration and by the excess of births over deaths, at a geometric ratio which is most intelligibly expressed in percentage terms like compound interest. A survey made by the writer in 1917, covering the growth of 127 American cities between 1870 and 1910, showed that about one-third of the entire number had increased at average yearly rates of between $2\frac{1}{2}$ and $3\frac{1}{2}$ per cent, with a general average for this group of close to 3 per cent. Graphs of five population groups resulted in fairly consistent compound interest curves and confirmed the fact that the normal increase is progressive, not merely constant as is commonly assumed.

Now the effect of progressive increase upon the relation of bond issues to bond tax payments is also quite different from that which is deduced from the assumption of a constant increase, as made by Mr. Zukerman in urging the cheapness of paying as we go. This fact may be developed graphically in a striking manner, or with less labor by

analysis. Let us assume, for convenience, yearly issues of straight serial-payment bonds beginning with the amount B , increasing progressively at the population ratio r , and with maturities of m years; then the series of issues will be B, Br, Br^2, \dots, Br^m , this last term being the greatly enlarged bond issue required at the year of maturity of the first issue B . With any interest t the sum of all principal and interest payments on all outstanding issues at this year will then be:

$$\frac{B}{m} \left[\frac{r^m - 1}{r - 1} + t \frac{mr^{m+1} - (m+1)r^m + 1}{(r-1)^2} \right]$$

This is merely the integration of the last term of Mr. Studensky's interesting equation, offered in his further argument for paying as we go, but with the increase ratio applied, as developed by the writer some years ago for a study of school building finance. Substituting now the same numerical values that Mr. Zukerman has used, viz., a first issue B of \$100,000, 20 year maturities, m , $4\frac{1}{2}$ per cent interest, t , and in addition the typical increase-ratio of population 1.03, we obtain the following figures:

Principal and interest charges at 20th year.....	\$203,740
Bond issue required for improvements at 20th year.....	180,610
Excess, about 12.8 per cent.....	\$23,130

That is, with a normal rate of population increase, the excess cost of maintaining the bonded debt by bond tax payment, over the cost of paying as we go, will be only 12.8 per cent, not 47.26 per cent as calculated by Mr. Zukerman on the assumption of a constant instead of a progressive increase. It follows also that under the same conditions the period during which yearly bond payments will be less than the

required yearly bond issues will be considerably longer than he has stated. And after the twentieth year the percentage of excess will remain the same, in this case about 12.8 per cent, although its numerical value will of course increase progressively with the other increasing factors involved. With 5 per cent interest, other factors remaining the same, this constant excess will rise to about 17.1 per cent; and similar relative increases will result from longer maturities. It seems therefore that Mr. Zukerman's figures do not show us exactly what happens, under average conditions of increase, and that the penalty of borrowing is not nearly so severe as he has claimed. At the same time it appears that the hope of avoiding this penalty is vain, and that the savings which Mr. Cummin, as an advocate of borrowing, would set to working and compounding are themselves only temporary and will give place to excess taxes compounding quite the other way.

Now while this line of reasoning may be sound, so far as it goes, even the slighter penalty to which it points does not seem to have appeared in actual experience. Doubtless in some cases there have been certain years and shorter periods in which bond payments of principal and interest have definitely exceeded the proceeds of bond sales, as happened in Kansas City School District from 1909 to 1913, but the averages for longer periods show no such relation. The obvious reason for this is that there are still other factors involved, some of which, like the growth of ratables and capital outlays, have been mentioned merely as tending to delay the effects and obscure the costliness of borrowing. But these factors may rather be examined for the light they will throw upon the whole question of public borrowing and for such help as may be

had in interpreting conditions as we find them.

Factors of a more or less temporary nature may be disposed of first. The cycle of recurrent borrowing may be only partly developed, at which stage bond payments are relatively small and very easy to carry. As the cycle develops, all possible devices will be employed and abuses of public credit indulged in to preserve this advantage, some of which we know very well. Time, however, will complete the cycle and deal with these abuses. Price inflation is another temporary factor, the bearings of which are well enough understood not to conceal the facts or obscure the issue. We are dealing of course primarily with values.

This leaves to be considered a group of related factors which appear in the course of recurrent borrowing, the effects of which are general and persistent and also very interesting and significant. These factors are the acceleration and deceleration of population increase, capital expenditures, and ratable values.

Our calculation of the excess cost of borrowing has been based so far upon the typical rate of progressive increase. This however is not necessarily the normal rate for cities variously circumstanced. The survey already referred to revealed the further facts that the characteristic rate of yearly increase for smaller cities was over 4 per cent, with frequent high extremes, that certain groups of larger cities, notably the Great Lake ports, steel centers, and Pacific coast trade centers, had maintained averages nearly as high, and that individual cities of these groups had also maintained over considerable periods rates averaging as high as 6 to 8 per cent, with a few exceptions going even higher. Now public borrowing is a usual concomitant of this swift and vigorous growth, but

at these high rates of increase the relation of bond tax payments to bond issues is quite reversed. With an average increase of 6 per cent instead of 3 per cent, for example, and with other conditions the same as before, the sum of all principal and interest charges at the twentieth year will be about 11 per cent less than the bond issue required for that year instead of $8\frac{1}{2}$ per cent more, and this saving again will be maintained just as long as the higher rate of growth continues. If the tax exemption of municipal bonds should be removed, a still higher rate of increase would be required to preserve this advantage. For it may be of interest to note that when the rate of increase and the rate of interest are equal, the theoretical values for bond payments and bond issues will also be equal.

The acceleration of capital expenditures and ratable values heightens the same effect. This acceleration is due partly to the greater variety of services which the growth of cities imposes, partly to the higher standards of permanence and security with which the services must be housed. The persistent rise of per capita government costs and debts in the larger cities indicates that along with the factor of population increase, and largely dependent upon it, these additional demands will accelerate the increase of capital expenditures beyond the increase of population by possibly 2 or 3 per cent. Competition and enterprise carry the same influences and tend toward the same effects in smaller as well as larger cities. The acceleration of ratable values which follows the increase of population is not reflected in lower per capita levies, but in a lower tax rate than would otherwise be necessary, and this affords a further measure of relief. But the acceleration of ratables is not swift, probably less

than one per cent, so that it will not add greatly to the advantage of the borrowing process. As an example, therefore, a vigorous population increase averaging 6 per cent may be reflected in an accelerated rate of capital expenditure as high as 8 or 9 per cent, and the average yearly tax saving incident to the bonding process will then rise to 20 or 25 per cent. This is a moderate estimate of the relation as it is seen to exist, making due allowance for the vagaries and differences of individual cases, and as it results from the interaction of normal and obvious causes. In spite of our sufficiently long indulgence in borrowing, therefore, and dire warnings to the contrary, it seems that the predicted penalty is yet hardly in sight; and furthermore, that this situation is not abnormal but quite in the nature of things.

But the question still remains, how long can this proved advantage of borrowing continue, and what will happen after it ceases? This of course will depend upon the deceleration of these same factors of population, capital expenditures, and ratable values. The study of city populations already referred to showed that while the smaller cities and the more vigorous large ones grow at rates greatly in excess of the average, larger cities as a rule grow at a slower rate and in these cities the rate of increase, while still progressive, tends definitely to decline. This is an inevitable qualification of Levasseur's hypothesis. It appears, however, that this deceleration is normally a very gradual process, a decline in average rates of only about $1\frac{1}{2}$ per cent occurring while the population multiplies about ten times, which at ordinary rates of growth would require from 40 to 80 years. Individual cases of course would vary greatly from the average.

If this relatively slow decline in the rate of population increase is normal,

however, as it appears to be, then it would seem that the deceleration of capital expenditures, which tend to follow population, will also be gradual over a long period of years. A deceleration of ratable values in relation to the population increase, while reasonable to anticipate, would be so gradual as to be negligible. During this extended period a condition may be reached when, according to our theory, the sum of principal and interest payments upon the outstanding debt will equal and then exceed the capital requirements to be financed, and the long delayed penalty will finally appear. But it seems equally probable that the approach of this condition will give its own warning well in advance, and that the simple remedy of postponing further large outlays and bond issues will then be employed to lighten the tax burden as much as possible and relieve the pains of readjustment. It is submitted that this also is a reasonable approach to the facts of public borrowing experience which has been carried far enough to reach this stage, while at the same time it is recognized that this experience has not been long or consistent enough to yield data of real value.

Now while it appears from this analysis, as from the condition which it explains, that under normal conditions the penalty of borrowing is neither so swift nor so severe as it has been represented, it is not intended to minimize this penalty or deny the certainty of its ultimate arrival in such degree as it has been earned. It will be preferable however to regard the burden of carrying an accumulation of debt not as punishment, but as compensation; for this more qualitative point of view will help to clarify the whole process and give it a rational meaning.

In the typical borrowing process we

have, first, a more or less extended period during which a considerable degree of relief is had by this method of financing. During this period we are enjoying a great variety of improvements, which we are unwilling and probably in most cases unable to pay for, the greater part of which are wisely conceived according to our collective intelligence and tend as a whole to conserve energy, enhance human life and add to the attractions whereby the city grows in population, productive power and the ability to pay. They are the outward and visible signs of our progress. But it is not to be overlooked, as we have been prone to do, that progress bought in this way must itself be paid for. A corresponding period must follow when taxation will be excessive as compared to the benefits received. We cannot go on increasing our civic attractions and productive capacity indefinitely on a credit basis, we must pause occasionally or eventually to let production catch up and help pay the cost. If we strain our credit early we shall have to limp all the sooner and more painfully in the race. Our civic progress, therefore, will itself be plainly marked by cycles of acceleration and deceleration. If on the other hand our betterments are being paid for out of current revenue, on the pay-as-you-go plan, we should expect to enjoy a more steady but a much more conservative rate of improvement. The cost of borrowing, then, is simply the cost of accelerating progress and improvement.

This puts the wisdom or unwisdom of public borrowing in a different light. Judging the practice by its local or temporary effect, it has been claimed both that borrowing will save our money and that it will waste our money. Other things being equal, neither can be the case, since in the end our present advantage and our

future compensation must precisely balance. Public borrowing must be judged by effects broader than its money cost. Will it profit a community more in advancement and prosperity, then, to increase this present advantage and hasten the present progress, all at the expense of progress later on? Granting that this is prudently done, the answer would seem to depend upon a variety of conditions and circumstances. The genius of one people or community may express itself more efficiently through a process of stimulus and reaction, such as we see reflected in our recurring business cycles, while that of another may accomplish as much in the long run through a more steady, conservative type of enterprise. There should be no great or permanent advantage either way. The question is more or less academic, however, for the rhythm of stimulus and reaction seems to be inherent in the type of human nature which determines our entire scheme of things. This being the case, public borrowing is with us an entirely normal, legitimate and truly conservative means whereby the stimulus of collective progress may be expressed. In this sense it is an instrument which needs no apology.

The question of course is equally academic in its less general aspects, and becomes one of expediency rather than of financial or social theory. For we usually find ourselves, not conveniently at the beginning of a cycle with a conscious choice to make, but bound by all sorts of limiting circumstances which our predecessors and we ourselves have combined to create. These are impossible to escape. And human nature, we discover, has other and less worthy inclinations than for the stimulus of progress, so that "other things" will not be equal in the equation of present benefit and future com-

pensation, and it cannot yet be granted as a premise that our public borrowing will be prudently done.

This leads to the crux of the whole situation, for the easy and unregulated borrowing which is now the rule begets extravagance and inefficiency in outlays and all the other evils which have been complained of and charged against the borrowing practice. But these abuses of public credit are the quite unnecessary accompaniments of borrowing, not its necessary effects, and it would seem wiser and promise to be far more effective to concentrate against them than to deny the reasonableness and service of the practice itself. If we can establish and enforce reasonable criteria of the use of our public credit, such as to abate these evils, then we can count upon the measure and the effects of public borrowing to take care of themselves.

It is to be emphasized however that if the regulation of borrowing practice is to be truly effective it must be comprehensive, and based upon sound principle of community service and obligation rather than the attraction of investors. Due consideration should be given to the character of the city's growth and its effects, to the course of depreciation, with special reference to obsolescence, and to all other elements which have to do not merely with temporary advantage but with our present and future progress as a whole. And it is cheerfully predicted that, if public borrowing is thus limited to the service which it can best promote, we shall

find ourselves, in a much greater degree than at present, paying as we go.

The discussion leading to these conclusions is necessarily brief, and many aspects of the question have been passed by or overlooked. The argument however is simple and may be summarized as follows:

1. The normal average growth of city population is progressive, not by constant increments. The normal increase of capital expenditures is also progressive and at a higher rate. The deceleration of these rates of increase is normally very gradual.

2. With a rate of increase of capital expenditures above the average, the tax saving secured by borrowing continues in a more or less moderate degree; when it slackens to around the average or lower, compensation must be paid in more or less moderate excess taxes.

3. A high rate of population increase usually brings extraordinary demands for improvements and affords a strong stimulus to progress; a low rate brings comparative stability and quiescence.

4. The process of stimulus and reaction thus represented is our normal and most effective mode of progress. Public borrowing is a legitimate means of promoting this stimulus, and if wisely regulated its cost is moderate and paid as compensation, not as penalty or waste.

5. The use of public credit is therefore sound in principle, but it should be duly regulated in the interest of future as well as present progress.

MILWAUKEE'S PROPOSED SERVICE-AT-COST FRANCHISE

BY W. H. MALTBIE

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A case where the municipality and the utility have by mutual concessions reached a practical working basis. :: :: :: :: ::

THE adoption of the principle of public service commission regulation of public utility rates worked revolutionary changes both in the relation of the general public to the utility and in the relation of the utility to the investor. Prior to the adoption of this system an investment in public utilities was essentially speculative in that it looked forward to a possibly high return and took its chances of an inadequate return or, so far as the capital stock was concerned, of no return at all. The public, on the other hand, looked forward usually to a fixed service charge and quite naturally sought to impose upon the utility all special taxes and public burdens that could be legally justified, such charges being essentially a tax upon the stockholders of the public utility corporation.

Commission regulation immediately destroyed the chance of a high return and would have rendered the utility field altogether unattractive to the investing public had it not compensated for this limiting of the right to earn by an implied promise that rates would be so adjusted as to provide a reasonable return over and above operating expenses, taxes, and all public burdens that might be then or thereafter imposed.

But unfortunately for the smooth working out of the theory, it usually involved an elaborate valuation pro-

ceeding subject to court review, and leading, under the existing law, to a rate base which might be either below or above the sum total of the dollars originally devoted to the public service.

In consequence, commission regulation is not entirely satisfactory either to the public or to the investor. Both parties are dissatisfied because of the delay incident to valuation and the enormous expense involved. The public is dissatisfied because, as is now the case in view of the wartime change in the purchasing power of the dollar, the rate base may be much in excess of the number of dollars actually invested in the utility; while the investor, particularly in those cases where the utilities have been built during the peak of prices or made important extensions during that time, is dissatisfied through fear that the application of the theory will give a rate base substantially below the number of dollars actually invested in the business. There is therefore a general interest in any plan that will, first, safeguard the public against exploitation or the payment of unnecessarily high rates for service; second, safeguard the investor and assure him permanently of an adequate return upon the money devoted to the public service and so facilitate the flow of capital into the utility field; and third, protect both parties against the

unnecessary delays and enormous cost of valuation and rate cases.

The proposed contract between the Milwaukee Electric Railway and Light Company and the city of Milwaukee is an interesting contribution to the solution of this problem and is well worth detailed study by any open-minded student of the relations between municipalities and their public utility corporations. Its interest lies not in the fact that it is a service-at-cost franchise, for many such franchises have been presented and discussed from time to time, but in the mutual concessions that have been made by the municipality and the utility in order to reach a working basis and in the safeguards that have been devised for the protection of the interests of both parties.

RATE BASE

The company for the purposes of this contract, waiving all consideration of going value and of present-day unit prices, accepts original cost as a rate base and agrees to pay into the depreciation reserve interest upon the amount already in that fund. The city, on the other hand, waives any claim for the deduction of the depreciation reserve in the determination of the rate base and accepts as rate base the original cost of the property, plus subsequent additions, minus subsequent withdrawals, and plus any deficiency in the balancing reserve hereafter noted.

THE BALANCING RESERVE

The company agrees to create at the beginning of the operation of the contract a balancing reserve of \$700,000, to which shall be added from month to month any excess of income over and above operating expenses, taxes, reserve appropriations, and the agreed fair return. Any deficit of revenues

below the sum total of these items shall be made up by drawing upon the balancing reserve. If at the end of any quarter the balancing reserve exceeds \$1,050,000 and is still increasing, rates are lowered one step in the agreed scale, the excess in the fund over \$700,000 is transferred to the city's credit in what is known as the city's equity account, and the city is also to be credited in this account with 4 per cent on the excess of the stabilizing reserve above the \$700,000 at which it is originally fixed.

If, on the other hand, the stabilizing reserve is below \$350,000 at the end of any quarter and is still decreasing, the rate of fare goes up one step in the agreed schedule. Moreover, in the computation of the rate base any deficit in the stabilizing reserve below the original figure of \$700,000 is added to the agreed value of the property.

TREATMENT OF OTHER RESERVES

The proposed franchise wisely avoids the attempt to fix permanently the amount which shall be set aside for depreciation or other reserve purposes, leaving the amounts to be appropriated annually to these reserves, in general, subject to readjustment and modification from time to time. The public is protected, however, against the accumulation of excessive reserves by a provision that the excess in any reserve which has been overpaid shall be transferred to the city equity account, while the company is protected by the express provision that appropriations of proper amounts (in the case of the depreciation reserve not less than a fixed minimum) shall be included as a part of the cost of service. Moreover, except in the case of the insurance reserve, it is expressly stipulated that the assets represented by these reserves shall be at the free

disposal of the company for use either as working capital or for expansions of investment in fixed property. As a natural corollary of this permission the company obligates itself to pay into each reserve 4 per cent interest annually upon the current monthly balance.

RATE SCALES

No attempt is made to fix either a maximum or a minimum limit to the rate scales which may be established in the future. Six schedules, three above and three below the present schedule, are to be filed with the original contract, but the city obligates itself to furnish additional schedules from time to time so that there will always be on record at least two schedules above and below the then current schedule.

RATE OF RETURN

The rate of return is not fixed at any definite figure. It starts at 7.7 per cent but is to rise or fall with any increase or decrease in the average interest rate (now 5.7 per cent) which the company is paying upon borrowed funds, the additional cost or savings being divided between the public and the company. It is obvious that a marked increase in the interest rate would unduly reduce this differential. For that reason this method of determining the rate of return is restricted to cases where the average interest rate is less than 6.3 per cent. If the average interest rate passes beyond this point the rate of return is to be agreed upon independently between the parties.

Apart from this change in the rate of return, which will operate as an incentive to purchase money at the lowest possible cost, there is nothing in the contract to operate as a stimulus to that super-efficiency which is pos-

sible in any business but which is obtained only when there is in general a prospect of greater reward.

POSSIBLE MUNICIPAL FINANCING

The contract contains elaborate provisions by which the city may from time to time acquire a financial interest in the property by the direct advance of funds through the purchase of all or some part of future bonds and note issues, by the purchase of special bonds protected by a municipal mortgage (junior to existing mortgages and to be issued only to the municipality), or by the direct advance of funds credited to the city in the city equity account.

THE CITY'S EQUITY ACCOUNT

This, which is relatively new in service-at-cost franchises, shows at any time the total interest of the city in the property of the company. It is made up of excesses in the stabilizing reserve, in the depreciation and operating reserves, and of cash loaned by the city from time to time. Interest is charged the company on the whole of this fund, but only so much is actually paid over in cash to the city as represents the interest upon the funds definitely loaned by the city. The assets offsetting this city equity account are, of course, supposed to be invested in the business.

THE CITY'S RIGHT TO PURCHASE

The contract expressly provides that the city shall have the right on proper notice to purchase all of the property of the company situated within the metropolitan district. These purchase provisions are rather complex but are intended to, and apparently will, result in securing the property for the city at original cost less such depreciation as has actually been paid for by the public over and above a fair return,

and on the other hand will secure to the owners of the property a return of the total original investment over and above a fair return for the entire contract period.

TERMINATION OF THE CONTRACT OTHER THAN BY PURCHASE

The contract also contains a series of carefully worked out provisions covering the chance that the contract may be terminated in the future without the purchase of the property by the municipality. These provisions are necessarily somewhat involved, but the substance of them is the provision that the amounts credited to the city on account of excessive reserves, together with the interest on such amounts, shall be charged back against the city and credited to the appropriate reserve, with the understanding that the public service commission of the state will utilize any excessive amounts then in the reserves to amortize a part of the original capital investment in the company, and thus lower the future rate base. In other words, the city's equity account, except insofar as it has been built up by cash actually loaned by the city, will not be turned over to the city but may be used by the commission for the reduction of whatever fair value the commission may then fix.

ARBITRATION

The committees working upon the contract wisely recognized the fact that many points must be left open for future adjustment. We therefore find frequent references in the contract to arbitration. At the option of the city this arbitration may be by the state commission, or by an independent board created in the usual fashion, with careful safeguards against having interested parties upon the arbitration board.

GENERAL STATEMENT

If we attempt to summarize the probable results of the operation of the contract, it may be said that it secures to the investors stability of income, protection of property against deterioration of various kinds, and, assuming that the capitalization of the company does not exceed its historical cost, a 100 per cent liquidating dividend in event of the taking over of the property by the city. The city, on the other hand, secures a lower rate base than it could secure in a valuation proceeding, protection against the building up of excessive reserves, and an opportunity to hold down the interest rate and therefore the rate of return through its privilege of financing the future needs of the company if it so elects.

The weakest point in the contract would seem to be the lack of any reward for efficiency. The city has the right of inspection of processes, methods, and practices, and the right (subject to arbitration in event of dispute) to insist upon the adoption of new methods; but it is doubtful whether such outside inspection and suggestion can be made equivalent to internal efficiency inspired by the promise of an increased return.

It is to be noted that the city does not guarantee that the company will earn a fair return. If it is not earned, the rate is stepped up and may be stepped up again and again, but if it passes the point at which the service can be sold there is no guarantee on the part of the city that the deficit so created will be made up. If the contract is terminated by municipal purchase the resulting deficit below a fair return is not repaid. If it is terminated in any other way, the parties unite in requesting the state commission to take account of such deficit so as to place

the company as soon as possible in the same position it would have occupied if the deficit had not existed.

The contract is also silent as to protection of the street railway side of the company's operations against competition from other forms of mass transportation. It may be that this problem

is covered by existing regulations of the state commission, but a modern franchise should so far as possible provide that the public utility which is able and willing to furnish the necessary forms of service should have the exclusive management of mass transportation within the municipal limits.

PROBLEM OF GOVERNMENT SIMPLIFICATION IN PORTLAND, OREGON

BY C. C. LUDWIG

President of the Portland City Club

Wastes due to scatteration of legal and administrative power in an urban territory. :: :: :: :: :: :: :: ::

THE people of Portland, Oregon, like many other metropolitan communities, are confronted with the problem of reorganizing their local government. This government at the present time is divided among six governing bodies—a city council, a board of county commissioners, a port commission, a dock commission, a school board and a library board.

At least two efforts have been made in the recent past to simplify this arrangement along the line of consolidation. One of these was the adoption of a charter amendment providing for optional consolidation of the dock commission and the port commission. This option has not been exercised, the dock commission, a city-appointed body, being unwilling to turn over valuable terminal properties to the port commission, a body appointed by the governor of the state. The other attempt at consolidation was a proposed constitutional amendment providing for consolidation of county and city and authorizing a charter commission. This resolution was pre-

sented to the legislature in 1919 but failed of passage.

During the past year interest in the subject of consolidation has been revived and the City Club has begun a comprehensive study of the broad problem of simplification of Portland's government. It is realized that a major program of this kind will require several years of time and to be successful must extend its appeal from a single or a few civic agencies to the whole community. However, it is thought that the City Club can well begin by making the basic fact studies and indicating the kind of enabling legislation that will be required to make the program official.

A sketch of the evidence of disorganization and complexity which has led the City Club to undertake this program may be of interest to others having similar problems.

In the first place, of course, the club has been influenced by the general consideration that a periodical survey of local government is desirable in every community. A good corpora-

tion will occasionally make a complete survey of its machinery and methods to determine whether these need overhauling and modernizing. In many ways the government of a metropolitan community is like a big business. Certainly it would seem to be good policy in times of rapid change like the present for a community to take stock of its governmental arrangements every dozen or fifteen years.

More specifically, how does Portland meet the tests for the government of a large city? Three of the important criteria which Charles A. Beard has laid down for testing the government of a metropolitan are these:

1. Is the political jurisdiction of the city extensive enough to cover the entire urban area?
2. Are related functions performed by single or closely co-ordinated departments rather than by independent agencies?
3. Does the overhead control vest in a central accountable legislature which has available for use an ensemble of information on accounts, budgets, taxes, and indebtedness?

Portland cannot meet these requirements. Portland has six governing bodies and in addition a Tax Supervising and Conservation Commission which has a limited jurisdiction over budget and tax levies. In fact, the creation of the Tax Supervising and Conservation Commission can be regarded as a practical expedient to secure a measure of co-ordination in the finances of the governing bodies. However, there can be no permanent solution as long as the government of the city is split up among six bodies which are more or less independent.

NO SINGLE JURISDICTION OVER URBAN AREA

The main argument for consolidation is not so much the waste arising

out of duplication of overhead offices (although there is some duplication in the governing bodies themselves and in the legal, engineering, accounting, treasurer's and purchasing departments) as it is the lack of complete jurisdiction over the entire urban area and the many diversities in methods and jurisdiction where there ought to be uniformity. Both of these facts are serious obstacles to the quick and efficient solution of our city planning and other problems, in fine are a handicap to the best government of our community.

Most of the services of local government are performed in whole or in part by the municipality of the city of Portland, but there is a large suburban fringe outside the legal limits which is a part of the economic city and to which these services are not available and over which desirable public control does not extend. For example these suburban districts cannot properly provide for police and fire protection; they are not subjected to building code control and health inspection; they cannot provide street improvements under a practical assessment procedure as they could if they were inside the city line; they are unable to get sewer systems and have to form independent municipalities in order to get the benefits of the Bull Run water supply.

There seems to be no logical reason why the hospital service furnished by the public should be split between the county and the city, the people outside the limits of the city contributing to the general charity hospital and the tuberculosis pavilion but not to the emergency hospital or the isolation hospital. Until a year ago a similar situation obtained in the matter of the care of delinquents, the detention home for children being under county jurisdiction and financing while the

women's detention home was under city control.

The functions of the port of Portland and the dock commission both relate to the same purpose yet the territorial jurisdiction of the one is much larger than the other. In other words, the property owner in the suburbs of Multnomah or Hillsdale should be required to contribute taxes for dock terminal development as well as for port channel development and maintenance.

But even if the entire urban area were within the city limits, there would still remain much diversity in methods and authority due to the existence of over-lapping jurisdictions in the same territory.

First, there is diversity as to the method of selecting the governing bodies themselves. Of the six bodies, three are elected, two are appointed and one is a combination of ex officio and self-perpetuating.

Then, there is diversity in the method of selecting administrative officers. In the main the city administrators are appointed while the county administrators are elected. The diversity is particularly noticeable when applied to various positions whose duties are similar, for example:

- (a) Chief of police—appointed.
Sheriff and constable—elected.
- (b) City treasurer—appointed.
County treasurer—elected.
- (c) City engineer—appointed.
County surveyor—elected.
- (d) City attorney—appointed.
County attorney—elected.

This citation is not made for the purpose of arguing for either the method of election or the method of appointment but merely to raise the question why some administrative officials are elected when others doing the same type of work are appointed.

STREETS

Perhaps the most obvious discrepancy in jurisdiction is that which exists between the city and the county with regard to streets. Legally the streets of this urban area which we call Portland are divided into three classes. If they are outside the city limits, they are either (a) dedicated streets, or (b) county roads; if they are within the city limits they are either (b) county roads or (c) city streets. Each of these classes is subject to a different kind of legal control. Only county roads and city streets may be improved at public expense, the roads being improved at general taxpayers' expense while the city streets are financed by assessment against benefitting property.

Lucky is the man in the city whose property abuts on a county road, for his highway is built and, if need be, rebuilt, at the expense of the general taxpayer, while his unfortunate neighbor on the city street has to pay for his highway by special assessment. It is true most of the county roads within the city limits are more or less arterial in character and confer a benefit which is general as well as local in character, but this is also true of many city streets which have been entirely financed by local assessment.

On at least two occasions city streets have been temporarily converted into county roads for the purpose of getting the county (general taxpayers) to put in the pavement and have then been re-converted into city streets. This procedure has also been proposed in other cases. In two cases county roads have been taken over as city streets with the county contributing the cost of an 18-foot strip of pavement. This latter procedure would seem to be more defensible than the former, particularly if the county road is arterial in nature; but a situa-

tion of this kind is a real handicap to city planning and offers a good opportunity for bargaining. Surely it would be much better if all the streets of the city were under one legal jurisdiction.

In addition to the difference in legal jurisdiction, there is also in many cases a material physical discrepancy between county roads and city streets. County roads have been built up with a series of macadam redresses, have high crowns and deep gutters for drainage; city streets on the other hand are graded flatter and depend for drainage on established system of sewerage. This difference in method of drainage has accentuated the jump-offs which are so noticeable in many places where city streets intersect county roads and the city grade may be as much as two or three feet lower than the county grade.

BRIDGES

The trans-Willamette River bridges are another example of diversity of jurisdiction. When the recently authorized bridges are completed Portland will have three bridges owned by the city, three owned by the county, and one by a utility company. The public rents the upper deck of the utility bridge and the annual charge for this rent is an item in the county budget rather than the city budget. The local traction company pays toll for all cars crossing the bridges but the payments do not go to one jurisdiction but to both the county and city, depending on the ownership of the bridges. All of the bridges are operated and maintained by the county with the exception of the utility bridge, which is operated by the utility. In case that maintenance by the county includes repair to asphalt pavement the work is done at the cost of the county but by a city administrative unit—the municipal paving plant.

Take the Morrison Bridge as an example of diversity of control. The bridge was built originally with the proceeds of a city bond issue and is, therefore, owned by the city. Any major repair, however, such as was done last year, is done at the expense of the county. The operation of the bridge is a county expense as is also most of the current small repair work incident to the operation of the bridge. If a pavement repair is involved the work is done by the municipal paving plant. The policing of the bridge is done by the city. What is the logic of the situation whereby property owners outside of the limits of the city of Portland should pay for the operation and repair of this bridge when they do not contribute to the policing of the bridge and do not contribute to the annual interest and redemption burden which is involved in carrying the Morrison Bridge bond issue?

There is great diversity among the governing bodies in the matter of overhead and financial control of the operations of government. Most of the accounts are on a cash basis but the city of Portland has modernized its accounting system and takes account of revenue accruals and the incurring of obligations and has tied these appropriation accounts in with a budget system and a system of appropriation ordinances which is in advance of the methods used by any of the other governing bodies. The standardization of purchasing procedure and standardization of positions and salaries would also be much easier if there were a single government for Portland instead of six.

TAX AND DEBT LIMITS

There is a diversity also in tax limits. Some of the levying bodies are subject to fixed mileage limitations while others are subject to the con-

stitutional tax limitation which provides for a maximum increase over the levy for general purpose of the year before of 6 per cent. School District No. 1, for example, is subject to a fixed $6\frac{1}{2}$ -mill limitation which means practically a non-increasing levy in case the assessed valuation does not grow. Assuming that there is a reason for a tax limit which permits of a 6 per cent increase each year, how can a limitation be defended which keeps the tax for one of the important functions of government from increasing as fast as 6 per cent when in fact that particular function might be the single function of the entire group of local functions which should have the largest increase?

There is more diversity in the limitations on bonded indebtedness than there is in the matter of tax limits. The various limitations differ as to amount, kind of bond issue, and purpose for which the bonds may be issued. Some of the governing bodies are limited as to amount in dollars, whereas some are limited as to percentage of the assessed valuation. Some of the governing bodies may issue only serial bonds whereas others may issue either serial or term bonds. Most of the governing bodies are required to spend the proceeds of bond issues for capital purposes but in the case of one governing body bond money may be used for current purposes. In practically every case the issuance of bonds is subject to the qualification that popular authorization must first be secured but in the case of the port of Portland this is not true, there being a legislative authorization for the port to issue bonds in a maximum amount of two million dollars per year. The purpose of this is not to argue either for or against the desirability of requiring popular authorization of bond issues but merely

to question why, when city and dock and school and county bonds must be authorized by the people, should not port bonds also be so authorized.

DEBT LIMIT LEGALLY EVADED

The diversity in this particular respect has for example during the past year permitted a transaction between governing bodies which has had the effect of nullifying the requirement that dock commission bonds must be authorized by the people. The facts in this case are briefly these. The dock commission had practically used up its popular bonding authorization but instead of going to the people for further authorization for bonds and terminal development the dock commission decided to sell its dry dock to the port of Portland. Prior to this transaction one of the two dry docks publicly owned was owned by the dock commission and one by the port of Portland, although both of them were operated by the port of Portland. Since the port of Portland is not subject to the same bonding restrictions as the dock commission it could without trouble issue bonds in payment for the dock commission's dry dock. The dock commission therefore accepted in payment for its dry dock substantially a million dollars of port bonds, which are being used to finance further terminal developments of the dock commission. It is true that this transaction was strictly legal in every respect but the people who have to repay the port indebtedness are substantially the same people who have to repay dock indebtedness and the long and short of the transaction is simply this: that approximately a million dollars worth of bonds were issued as an obligation against the people of Portland for the purpose of further dock extensions without first

securing the authorization of the people therefor.

PERSONNEL

Finally, there is diversity also in the matter of personnel control. The existence of independent governing bodies makes difficult any standardization of salaries and positions. The city and the school district are operated under civil service but the other governing bodies are not. Much can be said both for and against civil service, but if it is desirable for the community, why should it be only partially adopted? For example, if it is desirable that a city speed cop riding a Harley-Davidson motorcycle and wearing a blue uniform should be

under civil service, why is it not equally desirable that a county speed cop, also riding a Harley-Davidson motorcycle, but wearing an olive drab uniform, should be under civil service?

These citations indicate that the main argument for some consolidation of local government is not so much the waste of overlapping offices as it is the splitting up of responsibility.

The City Club committees which are studying how this situation may be simplified are being guided by a broad rather than a narrow conception of their assignment. It is hoped that when this basic study is finished the community will be ready to take official action along such lines as the reports may recommend.

RECENT BOOKS AND PAMPHLETS

AMERICAN GOVERNMENT AND POLITICS. Fourth Edition. By Charles A. Beard. New York: The Macmillan Company, 1924. Pp. 820.

Fourteen years ago the appearance of the first edition of this work marked an epoch in the evolution of college texts in the subject. The present edition, while following the lines then laid down, has been entirely rewritten, and for the traditional historical approach to the subject the author has substituted one which is functional. To him government is not essentially an embodiment of power, but an instrumentality for ministering to the collective needs of a "great society." Some of us who are teaching believe that the proper preface to what usually constitutes the student's first course in government is a simple though somewhat formal discussion of the fundamental definitions and principles of Political Science. To these the absence of any such introduction will constitute a serious defect in Dr. Beard's book. So completely is the author dominated by the functional motive that it seems doubtful whether at times the student is given an adequate idea of the machinery itself through which the functions of government are performed. But since it is always so difficult to steer a wise course between a discussion based on organization units and one based on functional differences when dealing with administrative activities, that criticism upon this subject may seem ungenerous. Likewise might it appear unreasonable to expect the author to make clear to the student the line of reasoning behind the decision in the *Insular Cases*.

The portion of the field least adequately treated is, perhaps, that dealing with state administration. Likewise are some of the activities of the Federal departments given scarcely the attention they deserve. Except in so far as is suggested in the excellent chart of the executive organization, the student would, for example, get no notion of the far-reaching activities of the war department in time of peace through the engineer corps of the army acting as a substitute for a department of public works and through the bureau of insular affairs acting as a substitute for a colonial office.

The author has very well brought out the evo-

lutionary character of our constitutional system and the rather difficult subject of rights, individual and state, as well as the dual character of our government, are well though briefly handled. The chapter on "National Standards and State Relations," which deals with the new extra-constitutional relations developing from the policy of Federal grants in aid, and the extension of Federal activities in social and economic fields, is perhaps the most original feature of the book. Throughout the book there is a freedom and a freshness of treatment which is very stimulating, and which, together with its dependability as to facts, will make the work a welcome addition to the ranks of excellent textbooks in its field.

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BEHIND THE SCENES IN POLITICS. Anonymous. New York: E. P. Dutton and Company, 1924.

Behind the Scenes in Politics is not merely a lively and amusing tale but a book that schools and colleges throughout the country should use.

The author confesses that he began as the veriest novice, in fact a reformer of the "lunatic fringe" type. He fairly revels in his anonymity and keeps us guessing all through the book. The incidents recounted show that he has had the confidence of the truly great and he unquestionably tells what he learned from innermost circles. We think he is not a New Yorker because of minor slips such as confusing the "Union" with the "Union League" Club.

With much discrimination he appraises the qualities of several of our presidents in political campaigns, and in the case of Roosevelt notes qualities often overlooked, *e.g.* his leadership where possible but patient toleration where slow public comprehension tended to separate him from his following; his aristocracy in the best sense, *i.e.* vast understanding and sympathy with inferiors. He quotes from an Irishman who knew Roosevelt and said of him: "He speaks of his Bullock blood and his Dutch ancestry. He's no democrat if you mean by that he is on

the level with us. He knows different. He's an aristocrat. He's a better man than most of us and that's why most of us are for him." Some day, pray heaven, the "high brow" delusion will lose its vogue that democracies necessarily invite mediocrity. True, they insist on sympathetic understanding, but after this is assured they strive for the best.

At one point he describes three or four types of great men that he had been closely associated with and challenges us to fit the men to the descriptions.

The mysteries of taking and holding the lead in a campaign, of over-advertising a candidate, of tact and skill used so as not to alienate the independent voter, of contriving the comings and goings of the national candidate so as not to injure the local candidate, and many other rules of the game are explained, always entertainingly so that one is glad to read the following: "Some day soon I am going to set forth the elements of strategy in national political campaigns explaining exactly how a psychological magician must always work to gain any earned success, and showing by definite examples how the rabbit was extracted from the hat. I do not mean that the rabbit must necessarily be a bad rabbit. Hughes had a good rabbit, for instance, but in running for the presidency he dropped all his paraphernalia, stepped on the hat, killed the rabbit, and let his stage hands drop the curtain just as he was about to do the extraction. He would never make the same mistakes again because he would have sense enough to obtain the help of those who know the game."

There are also interesting chapters on "Wives of Politicians," "Why Men Crack," and "Intelligence and Education."

One is moved to ask after reading this book why we have waited over a hundred years for a good description of the play of less obvious forces here recorded. Politics is a game which by the very theory of our government all should take an intelligent interest in. We know that

the sense of ignorance, mystification and futility is at the root of the average citizen's indifference. Lacking the knowledge necessary to take part in planting the grain and cultivating the political field, quite consistently and in large numbers the non-voter has neglected to aid in harvesting the other fellow's crop on election day—for that is all voting amounts to.

If several hundred thousand books like this were carefully studied by as many American readers, who will dare measure the effect in arousing an intelligent interest in politics?

RICHARD WELLING.



OUR GOVERNMENTAL MACHINE. By Schuyler C. Wallace, with a prefatory note by Charles A. Beard. New York: Alfred A. Knopf, 1924. Pp. xiv, 223.

Mr. Wallace of Columbia University presents in this small volume a cross-section study of government. By this method of treatment the chief problems of national, state and local governments are presented in an interesting and concise manner. Government is discussed from four main points of view, namely, popular control, the legal frame of government, law making, and the executive and administrative. The material for the book has been drawn from many sources and much enlivened by the author's vivid imagination. In the course of preparation, much of it was presented in the form of popular lectures to the radio audience through station WEAJ of New York.

Viewing the book with a critical eye, one might say that the author appears somewhat too dogmatic here and there in the discussion. Then again, he dismisses some of the more or less perplexing problems of government by merely asking a series of questions. Perhaps this is the fault of youth—not always convincing, but nevertheless stimulating.

A. E. BUCK.

BRIEF REVIEW OF CURRENT PAMPHLETS

A Recent Issue of Minnesota Municipalities contains a useful table setting forth the statutory limitations of property taxation in Minnesota. The material is organized under the heads of state taxation, county taxation, city and village taxation, township taxation, and school district

taxation. The complexity of the subject is illustrated by the fact that the outline covers eleven printed pages.



Report of the Financial Condition and Practices of the City of Rochester, N. Y.—This

is a report submitted to the city officials by the Rochester Bureau of Municipal Research. Part I contains a clear description of the present financial procedure of the city. It is followed by a history of the city's financial transactions for the past thirteen years. Part III describes the financial condition of the city at the present time. The budget increased 242 per cent in the twelve years following 1910; since 1918 it has increased at the rate of more than a million dollars a year. Since 1920 borrowing for current expenses has constituted one of the main sources of the budget. This has been made necessary by the constitutional tax limit of two per cent (educational costs included) which is now insufficient to permit the city to meet its ordinary operating expenses. However, debt charges are exempted from the tax limit, so that borrowing for current expenses for one year and taking care of such temporary indebtedness in the debt service item of the next year's budget has been found to be an effective method of circumventing the tax limit. The report believes that this method will have to be resorted to indefinitely if constitutional relief is not forthcoming. As a means to this end the Bureau urges the passage of a constitutional amendment exempting school costs from the category of "city purposes" as far as tax revenues are concerned. Part IV concludes the report and contains detailed recommendations to bring the financial policy of the city abreast the best of the time.



"Parks and Playgrounds" is the title of an article by Professor Henry Hubbard which was originally presented at the International Town Planning Conference at Amsterdam and is now reprinted in pamphlet form. It is particularly interesting because of its discussion of a city's requirements in the matter of recreation and of the distribution of recreation areas throughout the city. Mr. Hubbard is opposed to the construction of motor highways through the large parks. Most of the people seeking recreation in them are pedestrians. They should, therefore, be conveniently situated with respect to street, railway or motor bus transportation which will carry people to the parks. Motor roads through them interfere with their primary function and are of little value to the autoist whose destination is never the park proper. On the other hand, community buildings should not be located near a large park, principally because the

school and playground are at their maximum efficiency when the whole area within their effective radius is residential.

An interesting map giving a theoretical distribution of playground facilities in an American city is included.



Proceedings of Citizens' Research Institute of Canada.—On September 10 to 12, 1924, the Citizens' Research Institute of Canada held their second annual tax conference in connection with a Canadian Civil Service Research Conference. The proceedings of both have been published in a booklet which may be obtained from the offices of the Institute, 189 Church Street, Toronto. The discussion of taxation includes papers on business taxation, income taxes, automobile taxes and the general property tax on capital values. A paper of interest to many Americans is the one upon the municipal income tax in Ontario.

The papers on civil service include one on the merit system and responsible government. The author, Colonel N. G. LaRochelle, finds that there is no inconsistency between the two and that objections to the merit system usually spring from antagonism to any qualifying examinations whatever.



Financing of Public School Education in Colorado.—This is a report by Dr. Don C. Sowers and is published as a pamphlet in the studies of the University of Colorado. The report discovers that although the total disbursements for public school purposes in the state have increased 184 per cent in the decade following 1912, Colorado has been steadily losing ground in educational achievements. This means that more money must be spent upon the schools and the method suggested is to increase the contributions from the state government. This involves a change from the crudely devised general property tax, to which Colorado still clings. The newer devices which could possibly be employed include a state income tax, a classified property tax, a business corporation tax and severance taxes.



Philadelphia's Government.—The Bureau of Municipal Research of Philadelphia has recently published a condensed description of the

city government with an organization chart. The information is concise and well arranged without critical treatment. It will be indispensable to anyone desiring to inform himself on Philadelphia's government under her new charter.



Nebraska's Voters' Handbook.—The Nebraska Legislative Reference Bureau has compiled a Voters' Handbook designed to acquaint the citizen with the system of national, state and local government under which he lives. For the most part it is concerned with a description of the various departments and officers with outlines of their duties. Under city government some attention is paid to home rule and the various forms of organization which are possible in Nebraska. The sections devoted to elections and electoral procedure, including the statutory regulations of political parties, will be found particularly useful to citizens of the state. A similar handbook for each state is much to be desired.



The Massachusetts Federation of Planning Boards has recently published two pamphlets bearing upon the law of city planning. The first is entitled "The Legal Regulation of Billboards" and the second discusses the next steps in protecting the city plan. The latter points out the danger to the city plan arising from large scale real estate developments undertaken without regard to it. The legal difficulty has been to enforce the plan made in advance of street construction, and for this purpose the author suggests the use of eminent domain by which land to be used for streets may be condemned years in advance. The constitutional rights of the owners will be thoroughly protected by a clause

providing that anyone suffering damages may recover them from the state or the municipality. The fact that a properly worked out city plan is the best thing that can be done for the land owners will, except in a very few instances, result in few owners attempting to invoke the statute. The experience under the Massachusetts law establishing building lines by eminent domain is taken as evidence that few owners would seek to recover damages for the imposition of the easement proposed above.



Calendar of Minnesota Government of 1925.—Miss Esther Crandall of the Bureau for Research in Government of the University of Minnesota has compiled a political calendar which sets forth for each day of the year the manifold activities of the government. By referring to it, an earnest citizen of Minnesota will know just what takes place on any day. Historical dates of interest to Minnesota are included. For example, he will know that on Monday, July 13, 1925, the state board of pardons will meet and that the county boards will levy county taxes (except in counties of 150,000). He will also learn that on this day the state constitutional convention of 1857 began its deliberations.



Municipal Accounting.—E. T. MacDonald, chief of the division of accounting of the Pennsylvania Bureau of Municipalities, has prepared a pamphlet of 60 pages which is published by the Bennett Accountancy Institute of Philadelphia and which explains in brief form the purpose and principles of municipal accounting. The various terms are intelligently defined and illustrative forms set forth.

GOVERNMENTAL RESEARCH CONFERENCE NOTES

EDITED BY ARCH MANDEL

Civic Activity in Newark, N. J.—Early in 1924, the Committee on Municipal Affairs of the Newark, N. J., Chamber of Commerce, launched upon a careful study of forms of municipal government, to forestall precipitate action in changing or revising the present form of government in Newark. Dissatisfaction was being expressed with the commission government now in operation and an organized group of citizens urged returning to the aldermanic form.

After a number of months of study, in which the Bureau of Research of the chamber participated, the Municipal Affairs Committee presented a report recommending the council-manager plan as the best form of government for Newark, and giving the reasons for its conclusion. In this report are also included the advantages and disadvantages of the three forms of government: the strong mayor-council, the commission, and the manager plan.

Printed copies of the report were circulated among all the members of the chamber, with a view to holding a referendum upon the recommendations. The report is a well prepared, concise statement and shows the result of careful study. The Committee on Municipal Affairs believes, however, that the council-manager plan should not be put up to the voters until a campaign of education has prepared them to consider adoption of this plan.

A Promising Reorganization of its committees on governmental research activities was put into operation by the Newark, N. J., Chamber of Commerce. This reorganization has as one of its main objects the active participation in the city and county budgets through analysis and study of these documents.

This change involved the reorganization of the present committees on municipal, educational, and county affairs, into a group of seventy-two, divided into six committees of twelve members each, as follows: Committee on Municipal Government, Public Finance, Public Works, Public Welfare, Education and County Government.

Each of these six committees will exercise an oversight of the administrative functions and legislative action of the particular group of activities with which it is concerned. The chairman and the vice-chairman of each committee will make up a budget committee of twelve, which will correlate budget study of each committee and formulate the final reports on the budgets. In their analysis and study, the committees will be aided by the Chamber's Research Bureau. In addition to the budget study, eighteen specific assignments are listed on the program of these committees.

The Ohio Institute has just completed a report for the Ohio State Teachers' Association on problems of school finance in Ohio. The report deals with organization of school districts, administration of state aid for schools, relation of school finances to tax limits, etc.

A Report on Special Classes for mentally deficient children in the public schools of Ohio has just been issued by the Ohio Institute. The report discusses standards of admission, tests applied, methods of work, organization of follow-up system, etc. Approximately forty school systems in Ohio maintain such classes containing about five thousand children. There is as yet no state subsidy for such classes.

Winthrop D. Lane is making a special study of certain penal and correctional institutions in different parts of the country in order to prepare for the Ohio Institute recommendations for Ohio institutions.

Rochester, N. Y., organized a citizens' committee for the study of forms of municipal government, with a view to recommending the form most practicable for the city. To aid the committee in this study, S. B. Story, director, and Earl Weller, chief engineer of the Rochester Bureau, will make a tour of twenty-five cities in the country to study and report upon the different forms of city government in operation.

The Rochester Bureau has been asked to co-operate with the Mayor's Advisory Committee on Subway Operation, of which S. B. Story has been made secretary, in its study of the problem of ways and means of organizing and utilizing a subway and terminal railway, which the city of Rochester has now under construction in the bed of the old Erie Canal. It is a municipal project, with railway facilities providing passenger and freight tracks for a length of about eight miles through the center of the city, provision for inter-railroad switching facilities, interurban passenger car and local passenger rapid transit facilities.

Co-operating with the Civic Council of Duluth, a body composed of representatives from every civic organization in town, the Taxpayers' League is preparing a program of municipal improvements to be carried out in the next ten years. The work of this group is based on a bulletin prepared by the League outlining municipal improvements that represent an outlay of \$40,000,000.

The Dayton Research Association prepared a school building program that was adopted by the Dayton Board of Education and was used as the basis for a four million dollar bond issue, placed before the voters on November 4 last. The bond issue carried.

John S. Rae, one-time staff member of the Akron Bureau of Municipal Research and assistant to L. D. Upson in the Cincinnati survey, has been added to the staff of the Detroit Bureau of Governmental Research. L. G. Whitney and H. D. Smith, both students in the course in municipal administration at the University of Michigan, joined the training staff of the Detroit Bureau.

The Philadelphia Bureau reports that its outstanding accomplishments during the last year have been the completion and publication in pamphlet form of its report of Municipal Street Cleaning in Philadelphia and of its study entitled, "Philadelphia's Government," a descriptive statement and chart showing the inter-relationship of the five hundred or more local units of government. Among other activities are listed: the preparation of a card index of Philadelphia ordinances, running back to the year 1789, which has been completed; the continuation of its studies of the city's borrowing

power, debt policies and related matters, upon which a report is being prepared. A report on employment conditions in the city government is also under way. In co-operation with the mayor, the Bureau is studying the gas problem, the present lease of the city's gas works expiring in 1927.

It may be of interest to know that the Philadelphia Bureau maintains a library of 12,000 books, pamphlets and periodicals on civic subjects, which is used by the public in its quest for information on these subjects.

San Francisco reports that the secretary of its Bureau was loaned to a group in Bakersfield for a week to advise in the organization of a municipal research bureau in that city.

The Citizens' Federal Research Bureau, Washington, D. C., organized in February, 1924, for the immediate purpose of aiding in fixing the responsibility for corruption in the federal government disclosed about that time, has been organized upon a permanent basis as a "civic organization to investigate and improve administrative efficiency." Wallace M. Leonard, the executive secretary, will direct the administrative work, while the legal staff of the Bureau is under the direction of Hon. J. Weston Allen as general counsel, formerly attorney-general of Massachusetts.

The plan of permanent organization includes an executive council, which will have "responsible direction of the Bureau and an advisory board of men and women, chosen from the country at large, for the interest and leadership in promoting zeal, efficiency and probity in the public service." The Bureau is now seeking to raise an annual budget of not less than \$50,000 for the first three years.

The prospectus of the Bureau reports its activities to date, among which has been the submission to the executive and administrative heads information bearing upon the conduct of their departments; aid to congressional committees; obtaining evidence of grave offense in the enforcement of federal prohibition laws and examining into qualifications of those "being urged through political channels for appointment to the federal bench." It hopes to become the clearing house for information obtained by the civic organizations throughout the country, operating in the field of state administration and brought in contact with conditions which involve the federal service.

ITEMS ON MUNICIPAL ENGINEERING

EDITED BY WILLIAM A. BASSETT

Novel Method of Treating Garbage Proposed for St. Louis, Mo.—Passing garbage through a roller mill before final disposition by incineration is a novel feature of a disposal plan under consideration by the city government of St. Louis, Mo. According to Major Clinton H. Fisk, director, department of streets and sewers of St. Louis, the plan contemplates the establishment of a roller mill equipped with two sets of rolls adjacent to the present incinerator. The mill would be fed by a belt conveyor which would convey the garbage from the receiving floor to the first set of rolls which would macerate it and remove about one-half of the water content. The finely divided garbage would then be passed through a second set of smooth rolls that would remove most of the remaining water and leave a practically dry residue which would be carried on a second belt conveyor to the incinerator. A system of ventilation is to be provided that would pass all odors resulting from the garbage to the combustion chamber of the incinerator. Under the proposed arrangement the contractor is to provide the roller plant at an estimated cost of \$350,000, the plant to revert to the city without cost at the end of ten years, and the city is to pay for the disposal of garbage on a sliding scale, starting the first year at \$1.75 per ton followed by a $7\frac{1}{2}$ per cent reduction during each subsequent year.

The claim is made that this method of treatment will enable burning from four to 500 tons per day of garbage in the present incinerator which has a rated capacity of 100 tons. If this can be accomplished, it will obviate the construction of three additional incinerators as was originally planned.

Although it is probable that the sweeping claims for this method of treatment are in excess of what can be realized, there is much merit in the plan as outlined. Considerable attention is being given at present to the matter of reducing the water content of garbage in advance of its final disposition. There are sound grounds for this attention. The removal of water from garbage will decrease materially the cost of incineration. It is also claimed that such treat-

ment will enable more economical operation of reduction plants. The St. Louis proposal should prove a most interesting innovation in garbage disposal method, and one that may constitute a valuable contribution to experience in that field of work.

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Motor Vehicle Accident Insurance and Prevention of Accidents.—Recommended procedure to be followed by companies providing motor vehicle accident insurance as an aid to accident prevention is outlined in a report of the Committee on Insurance to be presented at the National Conference on Street and Highway Safety which has been called by Secretary Hoover to meet in Washington during December. The committee recommends that insurance companies be urged:

- (a) To keep a detailed and clearly organized record of their experience of street and highway accidents according to causes, location and other controlling factors, and to exert their influence, through co-operative effort, to bring about the preparation of a uniform standard form for the recording of essential particulars relating to accidents and their prevention on our streets and highways;
- (b) To co-operate through their various associations and affiliations in the compilation and distribution, with other agencies, of a uniform manual for the use of automobile drivers, designed to educate the operators of motor vehicles in safe driving practices, and divided into two sections, the one comprising special instructions to drivers of commercial automobiles, and the other special instructions to drivers of private passenger automobiles;
- (c) To co-operate with and impress upon those insuring fleets of commercial automobiles the desirability of conducting regular and periodical courses of instruction for their fleet drivers;
- (d) To adopt the practice, in so far as practicable, of making periodical inspections

as to the condition of automobiles insured by them, with particular attention to such matters as brake adjustment, steering control, clutch mechanism and lighting equipment;

- (e) To take steps through the national insurance associations in which they hold membership, or otherwise, to bring about a co-ordination of the public accident prevention work now being done by them, and to consider the accomplishment of this object through the organization of a coalition committee composed of engineering and safety experts, representing the various types and groups of insurance carriers.

As a further means of deterring careless and reckless driving, the committee is of the opinion that the most practical method of accomplishing this is by the enactment and enforcement of laws that will provide:

First: That when any motor vehicle is operated in violation of the provisions of the general motor vehicle law, or negligently or carelessly, and any person is thereby injured in person or property, the operator's or owner's license of the driver or owner thereof shall be immediately in any event suspended, and in the proper instances, revoked.

Second: That when any motor vehicle is operated in violation of the provisions of the general motor vehicle law, or negligently or carelessly, and any person is thereby injured in person or property, such motor vehicle shall be impounded.



Unusual Service Rendered by United States Office of Public Roads.—Facts disclosed in the report of the Bureau of Public Roads of the United States Department of Agriculture for the fiscal year ended June 30, 1924, indicate a scope and character of work conducted by that bureau of unusual value and public interest. In addition to the matter of exercising control over the expenditure of federal aid granted states for the improvement of highways which constitutes one of its important functions, the bureau conducts scientific investigations both in the field of highway administration and rural engineering, frequently in co-operation with professional organizations and technical schools. The latter have included research into such matters as the effect of impact on the load carrying capacity of concrete road slabs, determination of stresses

affecting the design of skew arch bridges, tests of bituminous and non-bituminous road materials together with a variety of investigations dealing with drainage and irrigation. Particularly in the field of highway administration have the efforts of this bureau been productive of valuable accomplishment. In respect of this matter the comment made by Thomas H. MacDonald, chief of bureau of public roads is of unusual interest. Mr. MacDonald states in part:

"To indicate the practical character of the results of the investigations it may be appropriate to refer to a number of phases of the road problems, the treatment of which rested formerly largely upon individual opinion or belief, which are now dealt with in a scientific manner. In the first place, it is no longer necessary that there shall be any doubt as to the necessity or economy of any particular road improvement. Methods have been devised by which it can be determined with scientific accuracy whether or not the improvement of a road is desirable and the form which the proposed improvement should take. The studies of subgrade soils are showing what practical steps may be taken to secure a satisfactory foundation for the roads and what provision must be made in the design of the surface to overcome the handicap of unstable subgrades. It is now possible to design with practical certainty types of road surface which will satisfactorily serve traffic of several classes of density and weight and to adopt the type of surface to the traffic with considerable precision. Methods of maintenance are gradually crystallizing which insure the conservation of the investments made; and principles of finance have been evolved, based upon the economic and physical investigations, which seem to assure wise expenditure of the public money and a fair distribution of the expense to the several classes benefited."



Interesting Decision Regarding Protection of Streams from Sewage Pollution.—A recent decision by the appellate court of California in respect of the responsibility of a community operating under a permit from the state board of health, authorizing discharge of sewage into a stream, is of general interest to municipalities throughout the country. According to the *Engineering News-Record* of August 14:

"The original action was brought in the superior court of California by the district attorney of Kings County, to prevent the city of Reedley from discharging sewage effluent into Kings

River on the grounds that the waters were being polluted and made unfit for use and constituted a menace to the public health. The defendant set forth that a permit issued by the state board of health authorizing this means of disposal was in full force and unrevoked and, in addition, that the effluent prior to its discharge had been treated and rendered harmless and uninjurious to the public health. Judgment was rendered that the city was not creating or continuing a nuisance. An appeal was taken to the appellate court based on the contention that the permit issued by the state board of health to the city of Reedley constituted no defense and that the testimony submitted was insufficient to support the findings of the court.

"Permit Not a Defense.—The appellate court upheld the first contention and ruled that 'a permit issued by the state board of health . . . authorizing a city to discharge sewage effluent into a river, and unrevoked at the time of the trial of an action to abate as a public nuisance the discharge of such sewage and other deleterious substances into said river, does not authorize a city to create or continue a nuisance, or in any wise limit the power of the court to abate the same, in the event it finds that a nuisance exists or is being created and continued under the claimed authority of such permit.

"However, the appellate court further declared that the findings of the superior court were based, not on the fact that such a permit was in existence but on conclusions formed from the testimony, which showed that the effluent was rendered harmless before being discharged and that the city of Reedley was not maintaining a nuisance. The court further ruled that, there being sufficient testimony to sustain the findings of the trial court, the latter's ruling in the matter of the defense offered in regard to the certificate issued by the state board of health was wholly immaterial 'because, if the city at the time of the trial was not maintaining a nuisance, whether the proceedings leading up to the issuance of the permit were regular or irregular, valid or void, would in no wise affect the judgment which the court should enter when it found that no present nuisance existed.'

"A petition was filed in the supreme court for a hearing in that court, but it was denied, and the decision of the appellate court stands as final."

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Special Assessment Provisions of Kansas City's Proposed Charter of Doubtful Wisdom.—

Provisions governing the financing of public improvements by special assessments, appearing in the proposed amendment of the charter of Kansas City, Missouri, include features which are not in accord with sound financial practice. The text of the amendment is not available, but according to the Kansas City Public Service Institute, which organization assisted the 1922 charter commission of that city in drafting this article, the essential features of the latter are as follows. Under the proposed arrangement the contractor authorized to proceed with any public improvement would be paid in cash in installments as the work progresses. This is obviously consistent with the best practice and a vast improvement over the existing one. At present the contractor for any assessable public improvement does not receive cash from the city for work done but is paid in special tax bills which constitute liens against the various pieces of property included within the assessment district. The contractor alone is responsible for collecting assessments from the property owners concerned. This practice tends to discourage reputable contractors from competing for public improvement work and in practically all cases increases materially the cost of work done. It should not be tolerated. The serious weakness in the proposed arrangement lies in the fact that local assessments for benefit are to be levied in advance of commencing work, property owners being given the opportunity of paying assessments in cash or by installments, the number of the latter depending on the character of the improvement.

Against the assessments to be paid in installments, the city would sell local improvement certificates due in equal amounts each year over a period of years. The city would be responsible for the collection of the assessments, and the payment of the interest and principal of the local improvement certificates when due. The charter provides that in case of any deficiency, due to uncollectible assessments, the council shall appropriate sufficient funds to make up the deficiency, subject to the qualification that such appropriation may not exceed 5 per cent of the city's revenues. The city is protected by making property subject to sale for delinquent special assessments the same as for delinquent general land taxes.

Aside from certain practical objections to the contemplated arrangement, there is a distinct inequity in levying assessments for benefit in advance of the consummation of a public improve-

ment. It would appear that the logical thing for the city government of Kansas City to do in the matter under consideration would be to amend the charter so as to effect a discontinuance of existing practice in respect to conducting assessable public improvement work and provide means for the city to proceed with such work on a rational basis. It is maintained that the precise method to be followed in the administration of public improvement work should not be stipulated in a city charter but provisions in that instrument should be of a general character while the definitizing of procedure to be followed should be provided by supplementary legislation. If the city government of Kansas City will provide for the levying of special assessments after the completion of the public improvements to which these relate, it will avoid difficulties which the experience of other cities demonstrates almost always results under such an arrangement as is proposed.



Methods of Relieving Street Congestion.—Fundamental considerations to be met in solving the problem of street congestion in any community and the principles that should govern the approach of this problem are outlined by Mr. Harland Bartholomew, city plan engineer of St. Louis. In the *Engineering News-Record* Mr. Bartholomew places particular emphasis on the economic importance of the problem. He states that the delays to traffic in the central business district of Chicago, due to parking alone, causes an economic loss estimated at \$60,000,000 a year. It is safe to say that comparable conditions exist in practically all of our large cities and many of our smaller communities today. This financial burden which constitutes what amounts to a super-tax on the public if permitted to continue for any length of time is bound to have serious results. The essential requirements of any plan to relieve this situation as presented by Mr. Bartholomew are epitomized as follows:

HOW TO RELIEVE TRAFFIC CONGESTION

1. It is impossible to provide sufficient street space for all automobiles.
2. The provision of parking space in city streets is not a public obligation.
3. The parked vehicle must give way to the moving vehicle.
4. Curbs should be so adjusted as to permit maximum use of roadway space based upon lines of traffic.

5. Every city should have a comprehensive city plan.
6. The volume of traffic should be reduced by excluding passenger automobiles from certain streets or from all streets in areas where congestion is most acute.
7. Building heights should be rigidly restricted.
8. Street widening, subway construction, arcading or elevated sidewalks do not in themselves constitute a solution of street congestion and should be undertaken only where economically justified.
9. The city plan should include a major street plan providing for ample traffic circulation between all parts of the community, with streets of sufficient number and width to constitute balancing of traffic movement and prevention of over-concentration at any one or more points.
10. Separation of commercial traffic from that of the pleasure automobile type is desirable and should be secured where possible.
11. No streets should provide for more than eight lines of traffic. (This does not imply that streets eventually intended to accommodate rapid transit lines should not be given sufficient widths and where possible these should be 100 ft. for subways and not less than 200 ft. for elevated lines.)
12. Safety isles should be provided at crossings for all six-line or wider line roadways.
13. Bypass streets should be provided on all sides of the business district.
14. All approach streets to business districts should be carried through the district.

It is also of interest to note the following comment of Mr. Bartholomew on enforced decentralization of business in our centers of population that will ultimately be necessary as a relief measure and his recommendation on centralized traffic control:

"It is believed that the suggestions above offered constitute a solution of the street congestion problem for a considerable number of years and do not involve economic waste. Beyond that point there is but one conclusion that can be reached, either our congested, over-centralized cities will eventually become victims of economic strangulation, or business must be decentralized. This may come about in several ways. There may be an ever-increasing number of business

centers developed in various parts of the city's area constituting a city of metropolitan organization composed of innumerable small communities each with its own center, or the huge central business district must be flattened out by rigid height restriction and spread over an increasingly greater area.

"Unsatisfactory handling of traffic problems today is due to the lack of a centralized authority having complete responsibility in the matter of

street congestion. The whole problem has virtually been thrown upon the police department as the agency best suited to cope with the situation. It would seem that for the establishment and enforcement of permanent policies there should be created a separate department or commission or agency which should at least be charged with the duty of studying the problem and which should probably also be charged with full responsibility in handling traffic."

NOTES AND EVENTS

Municipal Gas Stations Authorized.—The people of Lincoln, Nebraska, by a vote of 10,000 to 8,000 approved an amendment to the charter authorizing the city commission to establish municipal gasoline stations.



California Water and Power Act Defeated for Second Time.—The project to develop California's water and power resources as a state enterprise was defeated a second time at the November election in practically the same form as was voted upon two years ago. Various organizations, including the California League of Municipalities, which backed it then, did not support it in November.

The measure was put on the ballot by initiative petition. The man who contributed most of the money to secure the signers was Rudolph Spreckels, who was also La Follette's campaign manager. It therefore became involved with the latter's campaign platform for public ownership and was viewed with more than ordinary alarm.

The people of California undoubtedly are opposed at present to the state's entering the hydro-electric power business.



The World's Champion Long-distance Acting Mayor.—John C. Lodge of Detroit is said to be the champion long-distance acting mayor of all time. Detroit's charter provides that in the temporary absence or incapacity of the mayor, the president of the nine-man council shall serve as acting mayor, with full responsibility.

During the six years in which the new charter has been in effect, the mayors of the city have been absent or incapacitated by ill-health so frequently that Mr. Lodge has served an aggregate of three years out of the six. To him has fallen the heavy responsibility each year of supervising the making of the city budget. He has served in the dual capacity as president of the council and acting mayor, greatly to the advantage and benefit of the taxpayers. Recently he returned to council service, after turning over the mayor's office again to John W. Smith, the successor of Mayor Frank E. Doremus. Altogether, Mr. Lodge, though a business man of independent

means, has served Detroit and Wayne county about thirty years in various positions of public trust. He is said to be the best informed and most useful official in the motor city.

W. P. L.



First Speed Law Passed in 1757.—With auto racing drivers and globe circling airplanes continually hanging up new speed records, it is interesting to note that the battle against high speed on the highways started in the United States nearly two centuries ago.

Our sturdy forefathers objected to dodging vehicles way back in 1757, when the city fathers of Boston passed the first speed law. The board of selectmen of the Massachusetts capital had narrow streets to contend with, in addition to citizens inclined to drive their horses at an unseemly gait. To stop all this mischief and to penalize the speeders, the city authorities in 1757 passed this ordinance:

"Owing to great danger arising oftentimes from coaches, sleighs, chairs and other carriages, on the Lord's Day, as people are going to or coming from the several churches in this town, being driven with great rapidity, and the public worship being oftentimes much disturbed by such carriages, it is therefore voted and ordered that no coach, sleigh, chair, chaise or carriage shall at such times be driven at a greater rate than a foot pace, on penalty to the master of the slave or servant so driving of the sum of ten shillings."—*Seattle Police Journal*.



New York to Spend \$15,000,000 for State Parks.—The proposed state park bond issue of \$15,000,000 for the extension and development of a unified state park system in New York was approved by the voters at the November election by a majority of nearly a million. This was the largest majority ever given in the state to any proposition submitted to the voters, and exceeded that last year for the state hospital bond issue, although both were supported by all parties and by many elements of the population. The state park bond issue was indorsed by both the Republican and Democratic parties, and by

scores of civic, philanthropic, religious, recreational and conservational groups, and by eminent public men.

The only opposition to the proposition came from the upstate farm counties, where such bond issues are usually opposed, the farmer, having plenty of woods and fields about him anyway, figures that such proposals will increase his taxes. He does not figure that the cities pay three-quarters of the state tax. This attitude is shown by a recapitulation of the vote, according to three districts, the metropolitan, including Greater New York, Long Island, and the lower Hudson counties; northern New York; and central and western New York:

Area	Yes	No
Metropolitan.....	1,136,651	192,912
Northern.....	197,835	186,840
Central Western.....	195,065	160,063
Totals.....	1,529,551	539,815

The majority in Greater New York was 879,000, two and a half times that for the last previous state park bond issue in 1916, which carried in that year against an adverse upstate majority of 120,000. Upstate opposition was converted this year into a favorable majority of about 46,000, showing that appreciation of the state wide park system now being developed is converting large numbers of upstate voters.

RAYMOND H. TORREY.

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Central Administrative Supervision in English Cities.—There are signs of an increasing dissatisfaction with the headless administrative organization of English municipalities, and a recent writer in *Local Government News*, published by the Fabian Society, recommends that the municipal councils set up co-ordination committees to deal with general questions which effect more than one of the existing committees. As our readers know, English local government administration is carried on under the supervision of committees of the council, who work through a technically trained civil service. The council as a whole is supposed to act as a co-ordinating agency, but this large body is unadapted to administrative work and the belief is gaining ground that the cities are suffering from lack of harmony in the parts.

It is true that the finance committee exercises a general supervision over the expenditures of the committees authorized by the council. But

their watchfulness extends merely to making sure that the expenditures have been properly incurred for purposes sanctioned by the council. The proposed co-ordination committee would go further in an effort to harmonize the particular points of view of the regular committees. More particularly the committee on co-ordination would be charged with the consideration of personnel management involving questions such as maximum utilization of staff services, salaries and conditions of employment. It would iron out differences of policy between two or more committees, as for example, a difference between a health and a housing committee over the layout of a new district. It would make possible a system of centralized purchasing as a substitute for the present wasteful practice of departmental buying.

America's answer to the problem of co-ordination is the city manager and the strong mayor plans of government. To an Englishman, who has with little protest witnessed increasing concentration of executive authority in the prime minister, these plans appear as forms of autocracy. Yet the co-ordinating committee will not amount to much as an administrative agent unless it is provided with a competent full-time executive and this executive will be almost a city manager.

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Kansas City, Mo., to Vote on Up-to-Date Charter.—The Kansas City charter commission has reported a draft of a proposed charter for the city. In accordance with instructions by the voters, the charter provides for the city manager form of government and will be voted on next month. The document is the product of long study, considerable assistance being rendered by the Kansas City Public Service Institute.

A council of nine is provided which includes a mayor elected at large without veto power. Four other members of the council are also elected at large and the remaining four from districts, one each from the four districts specially created. Their term is four years. The salary of the mayor is to be \$5,000 per annum and the councilmen are to receive \$1,200 per annum. Nominations and elections are placed on a non-partisan basis.

The city manager is chosen in the orthodox manner and is given full power to select the heads of departments and divisions. Police control remains, however, in the state, inasmuch as it is

impossible to change the statute law on this subject by mere charter amendment.

The charter contains some novel features. One is the abolition of the old multi-member civil service commission in favor of a personnel director appointed by the city manager. This director is required to classify and standardize all positions in the classified service, and to provide competitive examinations for positions in the competitive class. For positions in the non-competitive class he is to provide non-competitive examinations. Included in this class are only those positions which require special technical, managerial or educational experience. He is to furnish eligible lists to the appointing power who is free to select any person on the list. Removals can be made by the appointing officer, the person so removed being entitled to a written statement of the reasons. The personnel director is also to keep service records and promotion lists, and in general to look after the efficiency of the civil service.

The proposed Kansas City charter will well repay the study of anyone concerned in municipal government.

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San Francisco Annexation Proposal.—A movement has been initiated by the Three Cities Chamber of Commerce of San Mateo county—which organization functions in the cities of San Mateo, Burlingame, and Hillsborough—to bring about the annexation of a portion of San Mateo county to the existing city and county of San Francisco. Under state law annexation may jump county lines if the territory proposed to be annexed was formerly part of the county to which it is proposed to be annexed. San Francisco county formerly took in a large part of the territory that is now included in San Mateo county. When the city and county of San Francisco were consolidated in 1859 a large portion of the county was dropped and the San Francisco county lines were made coterminous with the then existing city boundaries.

The present movement had its inception about a year and a half ago when the Three Cities Chamber of Commerce invited the San Francisco Chamber of Commerce to participate in an annexation movement. It was felt that such a movement must originate in San Mateo county if opposition was to be avoided that might be based on the thought that San Francisco as the larger community was endeavoring to "gobble

up" the smaller residential communities that are located near San Francisco. Recently a mass meeting was called at which representatives of all civic and governmental units in both counties were brought together. Out of this, a temporary organization was formed which will soon begin to function.

No definite lines have as yet been established as to communities or area in San Mateo county that will be included in or excluded from the annexation proposal. Informal discussions have centered around the annexation of the northerly portion of San Mateo county. The urge for annexation comes largely from the inability of the San Mateo county communities to finance projects which they consider necessary for their logical development and growth, such as port facilities, water supply, interurban transportation, etc. San Francisco with an assessed valuation of \$684,000,000, which is about twenty times as great as that of all San Mateo county, is considered by the communities in that county as having the wealth and potential resources necessary for the financing of such projects.

WILLIAM H. NANNY.

✱

Connecticut Adopts Item-Veto Amendment.—By proclamation made by the governor November 26, a thirty-seventh amendment was added to the constitution of Connecticut, granting to the governor power to veto single items in appropriation bills. Although this amendment was first submitted to the voters in October, 1923, it could not be proclaimed as a part of the constitution for more than a year later owing to the peculiar method required for ratification of amendments. This amendment was proposed by the House of Representatives at the session of 1921 and adopted by a two-thirds vote of both houses in 1923. In accordance with the constitution it was then submitted to the voters of the state in town meetings held on and after the first Monday in October, 1923. During the past year, the 169 towns of the state have voted on the proposed amendment at various times but the vote was not completed until November, 1924. The vote was a very light one, 46,858 electors voting for the amendment, and 10,601 against it, in all 14.1 per cent of the total vote cast at the general election of November 4, 1924.

The text of the amendment follows: "The governor shall have power to disapprove of any item or items of any bill making appropriations

of money embracing distinct items while at the same time approving the remainder of the bill, and the part or parts of the bill so approved shall become effective and the item or items of appropriation so disapproved shall not take effect unless the same are separately reconsidered and repassed in accordance with the rules and limitations prescribed for the passage of bills over the executive veto. In all cases in which the governor shall exercise the right of disapproval hereby conferred he shall append to the bill at the time of signing it a statement of the item or items disapproved together with his reasons for such disapproval and transmit the bill and such appended statement to the secretary. If the general assembly be then in session he shall forthwith cause a copy of such statement to be delivered to the house in which the bill originated for reconsideration of the disapproved items in conformity with the rules prescribed for legislative action in respect to bills which have received executive disapproval."

Bills may be passed over the governor's veto in Connecticut by a simple majority of both houses of the general assembly.

LANE W. LANCASTER.

Wesleyan University.



Detroit Investigates Suspected Graft.—During the years following the war the city of Detroit has invested nearly \$130,000,000 in permanent improvements. In spite of the high character of the administration under James Couzens, it was only natural that there should be rumors of favoritism and possibly graft in the expenditure of such large sums of money. Street talk involved contractors' rings and sometimes outright corruption. In the recent mayoralty campaign, in which a former commissioner of public works figured, there was considerable newspaper publicity dealing at least with mal-administration.

About the middle of November these indirect charges culminated in information coming to the controller's office that 5,000 cubic yards of cinders sold to the city had not been delivered, although payment had been received by the contractor. A hurried investigation indicated that this charge was correct and furthermore that there had been no relation between payments for cinders and the actual quantities delivered. All contracts for delivery were cancelled, a refund of \$7,500 was made, and the superintendent of street cleaning was suspended. Then followed a flood of anony-

mous letters, directing attention to alleged corruption in this division and involving the payment of money to keep trucks on the pay roll, the stealing of city owned material, etc. To this was added word of mouth allegations of corruption in the department of public works, board of education, and the water department.

The newly elected mayor, John W. Smith, immediately requested the prosecutor to ask for a one man grand jury to investigate all charges of corruption and further asked the prosecutor to permit the city to be represented by Mr. Leo M. Butzel, an outstanding attorney. The Bureau of the Budget with its newly organized staff was turned loose on investigating all allegations of every character, and the Bureau of Governmental Research was invited to loan its staff to the city.

Dr. Lent D. Upson, director of the bureau, was invited to join with Mr. Butzel, as representing the citizens in the inquiry, thus giving the public the assurance that both the legal and the investigatory phases of the matter were being observed by persons outside of the city and county government.

So far, two reports have been made by the inquiry staff to the prosecuting attorney's office and others are in preparation. Certainly an amount of petty pilfering has been fairly well established. How far the inquiry will reveal graft of major proportions is yet problematical.



Wisconsin Becomes Sixteenth Home Rule State.—At the recent election Wisconsin adopted, by a vote of two to one (299,792 for, 190,165 against) a constitutional amendment giving home rule to cities and villages and became thereby the sixteenth state to adopt such an amendment.

This successfully concludes a struggle for local self-government covering a period of two decades and beginning with the message of Governor La Follette in 1903. Partial home rule was granted to the city of Milwaukee in 1907 but the charter was defeated. A statutory home rule law was enacted by the legislature in 1911, but the following year it was held unconstitutional by the supreme court as an unwarranted delegation of legislative power. Joint resolutions to amend the constitution were passed by the legislatures of 1911 and 1913, but the amendment was defeated by popular vote in 1914. Similar amendments were defeated in the legislatures of 1915 and 1917, but a resolution embodying the present

amendment was passed by the legislatures of 1919 and 1921. However, through an error of the senate clerk or of the secretary of state in advertising the 1919 resolution, that resolution was held invalid by the supreme court and had to be re-enacted by the legislature of 1923, the Wisconsin constitution requiring an amendment to be passed by two successive legislatures before being submitted to popular vote. It was this amendment, passed by the last three legislatures, which was submitted and approved at the November election. Such has been the checkered history of the movement for municipal home rule in Wisconsin.

The Wisconsin amendment is brief and somewhat different in wording than similar amendments in other states. It provides: "Cities and villages, organized pursuant to state law, are hereby empowered to determine their local affairs and government, subject only to this constitution and to such enactments of the legislature of state-wide concern as shall with uniformity affect every city or every village. The method of such determination shall be prescribed by the legislature." The grant of power is wide and the words "local affairs and government" are not defined. Although the amendment went into effect immediately upon its adoption it will not become effective in practice until the legislature has passed an enabling act providing the procedure to be followed by cities in taking advantage of its provisions.

The legislative committee of the League of Wisconsin Municipalities, which led the movement and whose efforts together with those of various local organizations were largely responsible for its enactment, is now at work preparing the draft for such an act to be submitted to the coming legislature.

The Wisconsin home rule amendment in no way upsets the present municipal system in force in the state and probably will not for a number of years to come, for quite contrary to general opinion Wisconsin is a conservative state in municipal affairs. But it certainly does confer very broad powers of local self-government upon such cities as may, from time to time, take advantage of its provisions.

FORD H. MACGREGOR.

University of Wisconsin.

Detroit's New Mayor,—Fourth Since James Couzens.—John W. Smith, former state senator

and for one year postmaster of Detroit, was elected mayor of Detroit, November 4, to complete the unexpired term of Frank E. Doremus, who resigned as mayor last June, following a long illness. Mr. Smith's term expires December 31, 1925.

Detroit has had a rapid succession of mayors since Mayor James Couzens resigned December 5, 1922, to accept appointment as United States senator, succeeding Truman H. Newberry. Mr. Doremus, who had represented Detroit ten years in Congress, was elected April 10, 1923, to fill the unexpired term. Mr. Doremus' health suffered a break soon after he entered the mayor's office, due, in part, to the large demands made upon his time and strength but his popularity was evidenced by his election to the two-year term in November, 1923, with practically no serious opposition.

Mayor Doremus again suffered a break in health one year ago. During his absence, John C. Lodge served as acting mayor till last January, when Joseph A. Martin, formerly commissioner of public works, became president of the council and acting mayor. Mr. Martin served continuously in the office till August 2, last, when he resigned to become a candidate for mayor at the fall election, to complete Mr. Doremus' unexpired term. Mr. Smith entered the contest last August, and Martin and Smith were nominated at the primary.

Just before the primary Detroit was taken completely by surprise when Charles Bowles, a lawyer, previously unknown politically, loomed up as an active candidate in the primary campaign. His candidacy had been apparently initiated by a group of Masons, but was vigorously supported by the Ku Klux Klan. In spite of receiving practically no publicity from the daily press, Bowles ran so close to both Martin and Smith that he continued as an independent candidate after the primary, making it a three-cornered contest. The election showed Smith, Bowles and Martin, running close together in the order named. The Bowles' faction had been compelled to cast all their ballots either by writing in the name of their candidate, or by using "stickers" and they insisted on a recount of the ballots which did not change the result, although a partial appeal to the courts was made.

Martin's associates charge that Bowles was inveigled into the situation by friends of Smith in order to split the Martin vote. As matters stand, none of the three received a majority at

the election. It is now demanded that the state law and the city charter be amended to prohibit the possibility of entering a "sticker" candidate after the primary, and so produce a three-cornered fight in a non-partisan election.

By city ordinance, the salary of Detroit's mayor was increased last spring from \$8,000 to \$15,000 per annum.

W. P. LOVETT.

✱

How the Cincinnati Charter Campaign was Run.—The following brief account of the campaign methods utilized by the friends of the city manager government in Cincinnati will interest those who have had or expect to have experience in charter campaigns. The final vote was 92,000 to 41,000 in favor of the change.

The City Charter Committee organized in July and at once opened headquarters. Five hundred volunteer workers secured 22,000 signers to the petition for the election which was filed with the city council August 4. On August 26 campaign headquarters were opened in the old Fourth National Bank Building, and thereafter the executive committee held meetings at least once a week, and at the end of the campaign, three times a week. The committee was originally composed of six members, but added to itself others interested, until a maximum number of twenty was reached. During October, these people were untiring in their efforts and worked daily for the cause.

The Cincinnati *Post* carried on a vigorous editorial campaign, and gave daily news service. The *Commercial Tribune* gave generous news reports and several very helpful editorials. The Cincinnati *Enquirer* gave news service, but opposed the movement editorially. The *Times-Star* gave limited news service, and maintained a mild opposition. Editorially it was against the amendment. In all, the newspapers carried 231 columns bearing on the campaign. The *Post* alone published 27 cartoons.

The W. J. Crosley Radio Station co-operated generously. The Ainsworth-Gates Station was also helpful. The total number of speeches broadcast was seventeen.

The following is a catalog of the workers:

- 20 ward chairman.
- 465 precinct workers.
- 75 volunteers doing office work.
- 11 persons loaned their autos for service.
- 43 speakers.
- 250 donors.

283 witnesses to the count. (Political organization witnesses increased this number to approximately 482)

The campaign proper was featured by the following:

Distribution of 300,000 sample ballots.

A vigorous postal card campaign keeping the twenty-two thousand signers informed as to progress and a final letter of instructions containing two sample ballots, one to be taken to the polls, and the other to interest a friend.

47,500 (2 cent postage) letters sent from headquarters office.

41,000 (1 cent postage) letters sent from headquarters office.

239 community meetings with a total attendance of approximately 10,000. Dr. A. R. Hatton addressed a mass meeting of 1,000. The climax of the campaign was reached when two brothers, prominent in Cincinnati affairs, Alfred Bettman and Gilbert Bettman, debated the question before the Cincinnati Womans City Club.

The financial statement in connection with the campaign has been filed and audited. About \$10,000 was spent.

The victory was celebrated by a supper attended by six hundred men and women who moved to form a permanent association to promote good government in Cincinnati.

EMILY R. KNEUBUHL.

✱

Oregon Income Tax Repealed Before Full Year's Experience.—The state income tax law was passed by the legislature in 1923. Referred to the people in the fall of 1923, it was approved by a majority of less than one thousand votes. It went into effect as of the beginning of 1924 and first payments were collected in March, 1924. It imposed a tax not only upon individual incomes but upon the incomes of resident and non-resident corporations doing business in the state. The personal exemptions were \$1,000 and \$2,000 and the rates varied from 1 per cent on the first \$1,000 of taxable income to 6 per cent on income in excess of \$12,000.

There was considerable contention regarding the constitutionality of certain features of the law, particularly those relating to taxation of non-resident corporations, and a suit was brought by a corporation which resulted in an original decision against the constitutionality of the tax and a final decision in the supreme court of the

state upholding its constitutionality. The latter decision was a surprise to most people because it has been taken for granted that the decision of the lower court would be sustained.

During the summer a movement was started in opposition to the income tax law. This movement was sponsored by C. C. Chapman, editor of the *Oregon Voter*, and was very well handled, so that a repeal was placed on the ballot by initiative petition. In the subsequent election the vote to repeal carried by a majority of 10,000.

The main argument used in the campaign was the contention that the income tax was driving capital from the state and that Oregon, being a competitor with Washington and California for outside capital, could not afford to handicap the various development projects needing outside funds. A detailed study was made of the effect of the tax on outside capital, as well as the effect on existing investments in the state, and it was contended by the opponents that a conservative total of forty million dollars in prospective investments was adversely affected by the tax.

During the summer a very capable committee of the Portland Chamber of Commerce, made an intensive study of the local income tax situation, as well as the national income tax situation, and presented a comprehensive report. This committee, while discounting the forty-million-dollar argument, and while favoring the adoption of an income tax in principle, recommended the repeal of the existing law and the framing of a new law which would follow in general the recommendations of the National Tax Association for a personal income tax law.

In the event of the repeal of the income tax law in the fall election, or in the event of its being declared unconstitutional, this committee recommended the appointment of another committee which would serve with other civic agencies to prepare a new law which would substantially meet the recommendations referred to; namely, (a) limiting the income tax to personal incomes only, (b) low exemptions, and (c) following the provisions of the model bill as laid down by the National Tax Association.

The board of directors of the Chamber of Commerce adopted the recommendation of its committee that the present income tax should be repealed, but there is no evidence that the report has been adopted in spirit or that any attempt will be made by the chamber to assist in any movement to frame a new income tax law as suggested by the committee.

It is not known whether there will be an attempt to re-enact an income tax law at the coming session of the legislature. The main proponents of the income tax legislation have been the Democratic governor and the State Grange and in the coming session the governor will find but little support in the legislature, which is overwhelmingly Republican.

Many Oregonians who are in favor of an income tax in principle have come to the conclusion that the only feasible way to secure it for the state would be through the medium of a tax congress of the three coast states and the adoption of a fairly uniform law in all three.

In the state budget for 1924 it was estimated that there would be collected from the state income tax one and a quarter million dollars. It is thought now that actual collections will be one million dollars in excess of this estimate. This surplus will be carried forward to help finance next year's budget and will alleviate the damaging effect on the budget which the repeal of the income tax might otherwise have had, since the property taxes of the state are to some extent subject to a 6 per cent increase limitation.

C. C. LUDWIG.



Nebraska Effort to Introduce Nonpartisan Ballot for State and Local Offices Fails.—By a vote of 228,485 to 163,832 the following proposed amendment to the Nebraska state constitution was rejected November 4: "The nomination of candidates for the office of United States senator, member of congress, member of the state legislature, and for state and county elective offices shall be by direct primary. Ballots used in the nomination or the election of candidates for elective public offices created by the constitution and laws of this state shall have thereon no party name or circle, or any other designation relative to candidates."

It will be seen that the proposal really comprises three or four quite distinct matters. First, it would write into the constitution the direct primary method of nomination for practically all elective offices. Second, it would abolish for all except national offices the existing party circle method of casting a straight party ticket and write the abolition into the constitution. Third, it would remove all party designations from the ballot for local and state offices and write the removal into the constitution. Fourth, it would require the direct primary employed for the

nomination of state and county offices to be a nonpartisan primary.

The leader in the movement for the amendment was C. A. Sorensen, an attorney of Lincoln, who contributed \$1,200 of the \$1,306 expended for the petition. Members of the Farmers Union and former members of the Nonpartisan League were the chief workers in circulating the petition, assisted by organized labor in general and the railroad brotherhoods in particular. The campaign for signatures began over two years ago.

A statement by Mr. Sorensen constituted the only argument in the official state publicity pamphlet. The chief points presented in favor of the proposal were that it would end the "constant agitation by reactionary interests and politicians to repeal or cripple the direct primary," and would "make it possible for the voters to choose the best man for the office, regardless of his national party affiliation." Senator Norris strongly endorsed the measure as an "important step toward the banishment of the iniquities of partisanship and the placing of our commonwealth upon a business basis."

Until three or four weeks before the election it seemed that the amendment would be adopted. The party organizations actively opposed it and party workers on election day urged the voters to defeat it, especially in Douglas county (Omaha). The friends of the measure could not meet this attack effectively. The Democratic National committeeman is reported to have expressed the opinion in a public speech that the proposal emanated originally and came somewhat directly from Russia. One of the Republican candidates for United States representative said, in effect, "Russia is an outcast among the nations; Nebraska will be an outcast among the states if this measure should pass."

It is commonly asserted that the backers of the amendment hoped to secure the votes of the friends of the direct primary who would not look too closely at the other objects of the proposal. It appealed especially to the persons and groups who resent the limitations of the party primary, —who wish to vote always where the place is best; that is, for one office in one party and for another in another, if not indeed for all offices in every party. The party primary is practically an open one now in Nebraska in all places of fewer than 7,000 inhabitants. Two years ago the voters defeated a referred bill that would have introduced the registration system into such areas.

The Omaha *Bee* asserted editorially that the object of the amendment was to "clear the way for cabals, cliques, and factions, working in secret to secure ends concerning which they fear to approach the voter. It will revive the Nonpartisan League." The Omaha *World-Herald* claimed that the proposal was framed and sponsored by Senator Norris, "an avowed enemy of the party system." "Its practical effect would be to abolish political parties in Nebraska . . . to reduce all elections to a mere scramble for office. No country in the world has such a law. Don't help to make Nebraska a freak state. The tying up of the amendment with the direct primary is sheer poppycock." After election, under the heading, "Ain't Nebraska Funny," the same paper dismissed a discussion of voters' inconsistencies with the remark that 'Nebraska in politics is like Artemus Ward's kangaroo, a 'komical kuss'."

Coolidge carried the state by a plurality of 81,000 (although 25,000 below Davis and La Follette combined). Senator Norris, his opponent on nearly every major issue, ran 56,000 ahead of Coolidge. The amendment, ardently favored by Norris, was defeated by 65,000.

In conclusion it may be stated that Nebraska now nominates and elects on the non-partisan process (there called non-political) the judicial offices, university regents and state and county superintendents of public instruction.

RALPH S. BOOTS.

Referendum on Boston Charter Sends City Back to Old Ward System.¹—The result of the intricate referendum on November 4 as to the manner of electing the city council was a victory for the reactionary ward council advocates. The importance of the change in the charter was obscured by several state-wide referenda and the result obviously is not a clear expression of public opinion because of many blank ballots. The fears of the friends of the charter and the hopes of the gang element in the city were, however, justified.

The council of nine elected at large was peremptorily abolished by the legislature in the 1924 session. To the voters was left merely the privilege of deciding between two forms of council differing in degree, but not in kind. The

¹For earlier account of movement to revise the Boston charter see *National Municipal Review* for August, 1924.

first plan provided a council of fifteen, three to be elected from each of five large districts called boroughs. The second plan provided that one member of the council should be chosen from each ward. There are at present twenty-six wards, but the legislature at the same session provided also that the ward lines should be redrawn and the number changed by a special commission which would begin to work only after the referendum was held. This commission could increase the number of wards to thirty-six.

The situation was thus bewildering when the question was asked as to what ward or borough anybody would be in. Those favorable to the ward council played upon the incompatible local groups which would be tied together in the boroughs and the advantage of having local representation at City Hall. The advocates of the borough plan urged that it was a fair compromise between the ward plan and the election at large and reminded the voters of the flat failure which the ward plan had been for seventy-eight years prior to 1910.

It would have been difficult to arouse much interest over such a complicated question at best, especially when it was a choice between details rather than principles, but the fact that seven state-wide referenda took precedence over this purely local question both on the ballot and in the public mind made the task even more difficult. The referenda on daylight saving, a gasoline consumption tax, the state Volstead act and the child labor amendment to the national constitution were vigorously argued. There were also vehement and exciting campaigns for United States senator and for governor. Consequently, both newspaper space and opportunities to speak on the charter referendum were greatly curtailed. The Charter Association found that

these other questions had drawn heavily upon the sources which had financed its previous campaigns. It was able to raise only about one thousand dollars with which to canvass 248,000 registered voters. No figures are available to show what the ward plan advocates spent. Many other sources of support in previous campaigns also failed the Charter Association this time. The influence of the mayor's office, instead of being favorable as hitherto, was withheld because the mayor was a candidate for governor.

Despite all these handicaps, the vote was close. The borough plan received 51,602 votes and the ward plan 56,202. It is significant that while 107,864 voters expressed a choice on this question, 111,948 (51 per cent of those voting) left blanks beside this question. By such an inconclusive vote, Boston slipped back another step in the form of its city government.

There is small ground for expecting any improvement, even temporarily, from a ward council. The gang element can control a clear majority of the present wards and probably of the new wards which will become effective in 1928.

The opponents of the ward plan are confident that the desire for ward appropriations and all the petty vices of the ward plan will be so much greater than the discretion of the ward politicians that the inherent weaknesses of the ward system will speedily impress themselves upon the public mind once more. Then there will be a chance to take a real step forward by the adoption of proportional representation. Pending the arrival of that chance, the advocates of proportional representation will keep steadily at their work of educating the public to the advantages of that system.

GEORGE H. McCaffrey.

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